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THE ANNALIST

A Magazine of Finance, Commerce and Economics



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NEW YORK, MONDAY, AUGUST 31, 1914

Ten Cents

LENDING OF CAPITAL AS MEANS TO TRADE UPBUILDING

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To Holders of 4% Refunding Mortgage Gold Bonds

Due July 1, 1951:

Notice is given as follows:

1. More than 75% in amount of the outstanding bonds have been deposited;
2. Central Trust Company of New York certificates for deposited bonds have been listed on the New York Stock Exchange;
3. Until October 1, 1914, bonds may be deposited with Central Trust Company of New York at its office, 54 Wall Street, New York City, or in St. Louis, Berlin and Amsterdam with the depositaries in said cities;
4. In accordance with its notice, dated August 4, 1914, the Committee will make no further purchases of coupons which matured July 1, 1914.

New York, August 24, 1914.

FREDERICK STRAUSS, Chairman,
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HARRY BRONNER,
CHARLES W. COX,
BRECKINRIDGE JONES,
Committee.

JOLINE, LARKIN & RATHBONE, Counsel.
CHARLES E. SIGLER, Secretary, 54 Wall Street, New York City.

At a Glance

BANKING and Currency Reform, Federal Reserve Act:—

Amendment to enable State banks or trust companies to deposit reserve funds in other State banks or trust companies in States where such action is permitted by State laws favorable reported. Senate by Sen. Owen, May 1, 1914.

Clearing Houses to be established by Reserve Board, details not announced; lower collection charges expected. June 27, 1914.

Effects and Opinions:— Alling, Newton D., defends re-discount provisions, believes law will help trade. April 26, IX, 12, 1.

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Conant, Charles A., tells of effect law will have on foreign trade. May 31, VIII, 9, 3.

Conway, (Prof.) Thomas, tells how country banks will be affected by new law. May 31, VIII, 9, 3.

Foreign loan bureau to be established by Marin, Bill & Williams, June 25, 14, 6.

Gardin, J. P., praises law at National Foreign Trade Convention, May 29, 16, 3.

Giamini, Amadeo P., says politics may spoil act, comment on districts. April 10, 17, 4.

New Jersey Bankers' Assoc. bankers protest against amalgamation with Philadelphia. May 10, III, 11, 2.

Kept on your office desk and library table, The New York Times INDEX will tell you at a glance just where to find every financial and business item which has appeared in The New York Times during the preceding three months. A guide to all metropolitan newspapers. The INDEX is an encyclopedia of every news item published in The New York Times. Invaluable to business men in many ways.

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Times Square, New York, N. Y.

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5% Gold Bonds of 1944.
Coupons due September 1, 1914, of the above Bonds will be paid on presentation at our office on and after that date.

SPEYER & CO.

New York, August 29, 1914.

**BRITISH-AMERICAN TOBACCO
CO., LTD.**
AT A MEETING OF DIRECTORS HELD today at London, it was decided to pay an interim dividend of 2% per cent, free of British Income Tax, on ordinary shares on Sept. 30, 1914. All transfers received in order at London on or before Sept. 17th will be in time to entitle the holders to the dividend to be paid. Whilst the earnings of the company justify a larger dividend and the business continues to be satisfactory, the Directors feel that in the present state of international affairs the company should conserve its resources.

Aug. 27, 1914.

STEWART MINING COMPANY.
New York, August 14, 1914.
The Board of Directors has declared an extra dividend of Ten Per Cent. (10%) upon the capital stock of the Company, payable August 25th, 1914, to stockholders of record at the close of business August 17th. Transfer books transfer books close at twelve o'clock noon August 15th, 1914, and reopen at ten A. M. August 31st, 1914.

JNO. L. WILLIAMS, Asst. Treasurer.

**SANTA FE, PRESCOTT AND
PHOENIX RAILWAY CO.**
FIRST MORTGAGE FIVE PER CENT. BONDS.
Coupon No. 2 due September 1, 1914, from the above bonds, will be paid on and after that date upon presentation at this Company's agency at the office of The Atchison, Topeka and Santa Fe Railway Company, No. 2 Nassau Street, New York City, instead of at the office of the Bankers Trust Company.

C. K. COOPER, Assistant Treasurer.
Santa Fe, Prescott and Phoenix Railway Company.

**EDWIN WARFIELD, President,
Henry B. Platt, Vice-Pres. Jas. A. Fizell, Vice-Pres.
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**THE AMERICAN COAL COMPANY
of Allegany County, N.Y.**
No. 1 Broadway, New York, Aug. 27, 1914.
The Board of Directors of The American Coal Company of Allegany County, New Jersey, have this day declared the Regular Semi-Annual Dividend of Three Per Cent. upon the Capital Stock of the Company, payable at the office of the Company at 100 Broadway, New York, on Sept. 1, 1914, to stockholders of record at 5 o'clock P. M. August 31, 1914. The transfer books will not be closed.

GEORGE M. BOWLEY, Treasurer.

AMERICAN LOCOMOTIVE COMPANY,
30 Church St., New York, August 22, 1914.
A quarterly dividend of 14% upon the preferred capital stock has been declared payable Oct. 21, 1914, to the preferred stockholders at the close of business on Sept. 21, 1914. Checks will be mailed. For the purpose of this dividend, and of the annual dividend to be held Oct. 20, 1914, the transfer books of the preferred and common stocks will close at 3 P. M. Sept. 21, 1914, and reopen Oct. 22, 1914. C. B. DENNY, Sec'y.

**The American Sugar Refining
Company.**
Jersey City, N. J., Aug. 11th, 1914.
The Board of Directors have this day declared the following dividends, payable October 20, 1914, to stockholders of record September 1st, 1914:
On the Preferred Stock a dividend of 1% per cent. On the Common Stock a dividend of 1% per cent. The transfer books will not be closed.

JOSEPH R. FREEMAN, Secretary.

CHILD'S COMPANY,
200 Fifth Avenue, New York, N. Y.
New York City, August 27, 1914.

The Board of Directors has declared the following dividends payable Sept. 10, 1914, to stockholders of record at the close of business Sept. 2, 1914.

On the Preferred Stock a quarterly dividend of 1% per cent.

On the Common Stock a dividend of 1% per cent.

The transfer books will be closed from September 3, 1914, to September 10, 1914, both dates inclusive.

CHARLES L. ROBERTS, Secretary.

**THE MACKAY COMPANIES,
PREFERRED DIVIDEND NO. 43.
COMMON DIVIDEND NO. 37.**

The regular quarterly dividend of one per cent. on the preferred shares, and the regular quarterly dividend of one and one-quarter per cent. on the common shares in The Mackay Companies will be paid on Sept. 1, 1914, to shareholders of record as they appear at the close of business September 9th, 1914. The transfer books will not be closed.

EDWARD C. PLATT, Treasurer.

Dated, August 20th, 1914.

Borden's Condensed Milk Company.
Preferred Stock Dividend No. 51.
A regular quarterly dividend of 1% has been declared on the Preferred Stock of this Company, payable September 15th, 1914, to stockholders of record September 8th, 1914. Books close September 5th, 1914, at 3 P. M., and open September 6th, 1914, at 10 A. M. Checks mailed. F. D. SHOVE, Treasurer.

INTERNATIONAL SILVER COMPANY,
200 Fifth Avenue, New York, N. Y.

The Directors of this Company have declared a quarterly dividend on the Preferred Stock of one and three-quarters (1 3/4) per cent. payable October 1st, to stockholders of record September 17th.

Transfer books will be closed September 17th, 1914, and opened October 2nd.

Checks will be mailed.

GEORGE ROCKWELL, Secretary.

AMERICAN POWER & LIGHT CO.,
71 Broadway, New York.

COMMON STOCK DIVIDEND NO. 7.

The regular quarterly dividend of one per cent. (1%) on the Common Stock of American Power & Light Company will be paid payable September 1, 1914, to Common Stockholders of record at the close of business August 28, 1914. Transfer books will not close.

M. H. ARNING, Treasurer.

CENTRAL LEATHER COMPANY.
New York, August 25, 1914.

A dividend of \$1.75 per share on its Preferred Stock has this day been declared by the Board of Directors of this Company, payable October 1st, 1914, to stockholders of record September 10th, 1914.

H. RAPHAEL, Treasurer.

MAHONING INVESTMENT CO.

A dividend of 1 per cent has been declared on the stock of this Company, payable September 1st, 1914, to stockholders of record August 26th. Checks will be mailed.

LEWIS ISBELIN, Secretary.

THE ANNALIST

A Magazine of Finance, Commerce and Economics

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NEW YORK, MONDAY, AUGUST 31, 1914

THE answer to many of the questions raised by the European war depends on the duration of the struggle. A long war would inevitably add to the seriousness of many of the problems with which the world is now confronted. No matter how soon the conflict may come to an end the cost will be enormous, for it has already been enormous, but the prolongation of the fighting will add immeasurably to the loss direct and indirect. Prudence requires that that fact be recognized, but beyond that we need not go at this time. It is too early to assume, as it was being assumed in the financial district last week, that the war will be long drawn out. Preparation against the possibility that the war will be a long one should not be carried to a length which will interfere with this country's profiting by the possibility, at least equal to the other, that the war will be a short one. There is every reason for hoping that it will be short and there are some good grounds on which to expect that that hope may be borne out.

THIS is a time to proceed cautiously, but also a time to proceed energetically. Apart as this country is from the struggle, it can do much by increased effort to offset the effect of the loss which this war brings upon the world, and it is the part both of patriotism and of sound business sense to put forth that increased effort. Under the conditions which now prevail in the world, things cannot be done as comfortably as in times of peace, but vigorously pursued, the opportunities which are still open to the world, particularly to the United States, will enable us to offset losses and greatly to reduce the hardship which this war imposes.

IT is as much in doubt now as it was when the Stock Exchange closed how soon it will be able to reopen. One of the things which finally compelled the Stock Exchange here to suspend trading was that it was the only international stock market which remained open. It could not withstand selling by all the world. Nor will it be able to when it reopens. That being so, it is taken practically for granted that until the European stock markets, or at least the London stock market, reopens ours cannot. And the reopening of the London Stock Exchange seems to depend in no small measure upon the character of the war news.

INFORMATION is being sought from the national banks here by the Controller of the Currency in regard to the amount of their call loans on collateral, and specifically in regard to the amount of such loans

which they may have called for their own account or for the account of correspondent banks since the closing of the New York Stock Exchange. There are few rules which bear of no exception, but in general it must be true that the banks have not been calling loans since the Stock Exchange closed. Calling loans would imply some facility on the part of the banks to enforce the call, and they have no such facilities, or in effect have none so long as the Stock Exchange remains closed. The fact is that the force of circumstances has converted the call loans on Stock Exchange collateral into indeterminate time loans. The banks are in this respect practically in the hands of their debtors. They may ask that loans be paid, and in special instances they have done so, but if the debtor has not cared to pay that has been the end of it. Such a condition as this could not, of course, last indefinitely; but, so far as is now seen, there will be no way of liquifying the call loans of the banks until Stock Exchange trading is resumed. If our Federal Reserve banks were in operation, and call loans of the banks were based on commercial paper, rediscountable at the central institution instead of on securities, the liquid character of these loans would not have been destroyed by the conditions with which this market has been confronted since the outbreak of war. That is a fact which should not be lost sight of when business is resumed along normal lines.

A COLLATERAL reason for suspending trading in stocks was to put an end to speculative transactions. That object seems to have been very successfully accomplished by the closing of the Stock Exchange and by the prohibition since then against any transactions in stocks by Stock Exchange houses otherwise than for cash and at not less than the last prices recorded on the Stock Exchange. The grain market has remained open and there, apparently, there has been a good deal of speculation. It is said that there has been enough of it to impose an additional barrier in the way of sales of grain for export, the proceeds of which would add just so much to the funds at our disposal for the settlement of our debts abroad. That, of course, is a situation which will cure itself in time, but it is seemingly another illustration of the disadvantages which attach to organized speculation.

WHILE much was said in Washington last week about the need of the Government buying ships and going into the shipping business, the fact remained that the lack of ships was not the chief cause, if indeed it was even a contributing cause, to the continued restriction of our export trade. More ships were available than were made use of, the difficulties encountered in financing international trade, owing to the continued unsettlement of the exchanges, having more to do with the matter than any lack of cargo room. The Administration explained last week that it was not its intention in proposing the buying of ships to compete with private capital, but rather to encourage private capital by going into fields which are not now profitable. That is another way of saying that unprofitable trade is to be subsidized, which will hardly serve to encourage private capital to engage in either that or other trade. It would amount to a subsidy, for if the trade were profitable it would not be carried on if the Government line charged commercial rates, and if it charged less than commercial rates it would be imposing a tax on the public for

the benefit of that particular trade. All things considered, it is gratifying that the proposal that the Government purchase steamships has made slow progress.

ALL last week effort was made to effect an arrangement between the Bank of England and a group of banks and bankers here for the settlement partly in gold and partly in bank obligations of our maturing debts in Europe. Seemingly the chief reason for the difficulties which the negotiations encountered was the conviction on the part of the English market that we are fully able to meet our obligations in gold, and that we will do so if no other arrangement is made with us. There is no doubt that that is true, although that alone is hardly sufficient reason why the European markets, and more particularly the English markets, should not take a broad enough view of this matter to make it as easy as possible for us to meet these obligations. In due course, unless all present signs fail, Europe will become a debtor instead of a creditor to this market, apart, of course, from security holdings, and we will then be in the same position to command gold in England as England is now of commanding it from us. Our bankers are prepared to pay in gold a very substantial share of the amount due to Europe, and it would seem that that ought under the circumstances to be satisfactory. It has not proved so, however, and unless some plan more acceptable to our European creditors is devised it will probably remain for us to meet our obligations on the other side as best we may. We will, of course, make every possible effort to pay in merchandise and not in gold, and it may be that in the long run we would have to yield no more gold to England under a refusal to make the suggested arrangement with us than we would have shipped under the terms of the plan proposed last week.

THE railroads are planning to petition the Interstate Commerce Commission for a rehearing of their increased freight rate application—this on the ground that the conditions which have come about as a result of the war at once increase their need of relief and their right to obtain it. On this ground, possibly, their petition may make some headway, although signs of definite progress are still lacking.

IT appears that the bill providing Federal regulation of railroad security issues will not be enacted at this session of Congress. Railroad sentiment has been in favor of a law which would give the Federal Government exclusive regulation of railway stock and bond issues, but railway men have not been favorably impressed with the prospect of Federal regulation being superimposed upon State regulation. The assumption of exclusive supervision by the National Government would be a welcome relief from the diversified requirements of the many States, but it was not regarded as by any means certain that the form in which the stock and bond bill was likely to pass at this session would substitute one master over railway security issues for the many masters which now exercise control. The putting over of this proposed legislation will allow time for this important phase of the legislation to be more carefully examined, both from the point of view of the railways and from the point of view of the public, which is, of course, interested along with the railways in the question whether Federal regulation is to supersede or merely to be added to State regulation.

Relevant Annotations

By The Onlooker

EVERY man with a fad, a theory or a job now raises a flag over it and denounces all dissenters as unpatriotic. And with all of them doing it at once, and making a great din and commotion, it is not surprising that fundamentally conflicting proposals sometimes emanate from the same source.

Immediately on the passage of an emergency shipping bill authorizing the President in his discretion to waive those conditions of the navigation laws which have long handicapped the American ship owner in competition with the foreigner, and providing for American registry of ships built abroad, people expect a merchant marine to materialize magically, and after having waited one day for that happy result, a newspaper prints a double-leaded editorial denouncing American capital for being stupid, unpatriotic, and blind to its opportunities.

The next day in the same place one reads a double-leaded editorial demanding that the Government, for the protection of the American consumer, place an embargo on the exportation of foodstuffs, for the shipping of which the same paper has hysterically demanded a merchant marine to save the country from bankruptcy.

The Government vetoes a foreign loan which was about to be placed in this country for the purchase of goods, and does it on the ground that to grant credit in this way to a country engaged in war would be a violation of the higher spirit of neutrality.

Straightaway the Government proposes to set itself up in the shipping business, in order to provide the bottoms believed to be needed to carry the goods abroad which the foreign country had tried in vain to arrange the credit for.

The Government admits that it will not go into the shipping business if private capital will come forward and provide the merchant marine. That gives voice again to popular denunciations of American capital, and people go about saying that they never had any great respect for the intelligence of the men who run the country's business, and now have less than ever.

But the next day there is published an appeal from several large ship-owning corporations to the President, saying that there are many ships waiting at a loss of interest and earning power to be transferred to the American flag, if the Government will only act under the Emergency Shipping bill already passed and use the discretion now residing in it to waive the conditions of the old navigation laws.

And then, quite absurdly, those who have been charged with the task of investigating the rise in food prices, on the suspicion of its being largely owing to a conspiracy, discover that without a merchant marine, without any special credit arrangements, and wholly in obedience to an unusual demand, sugar has been leaving the country in ships at a rate which threatens to cut short the domestic supply, and that the exportation of this commodity in tons against pounds in the corresponding weeks of last year has probably something to do with the rise in its price to the average consumer.

HERE is a lot of sentiment about a merchant marine. There is more of that than anything else. One likes to

think of the American flag going everywhere, because trade follows the flag, and because the flag is a fine thing to come across in one's travels abroad, whereas, its absence from international commerce is a kind of reflection upon our enterprise. But if you think of transportation as a commodity, like wheat or hog products, a lot of the sentiment disappears. The exportation of American goods has not suffered for want of a merchant marine. Our foreign trade has increased amazingly, and faster than that of any other country in the world, though shipped in foreign bottoms. Why? Because it has been cheaper to buy transportation than to produce it. We have imported transportation and exported other commodities. England, on the other hand, is a very large exporter of the commodity called transportation. If we had employed capital in the production of transportation for export, that is, in the upbuilding of a merchant marine, we should have had that much less capital to employ in the production of other commodities for export. And all the capital available has been utilized to its utmost. It is not as if capital which might have been employed in a merchant marine had not been employed at all.

M. WILSON says this country is like a department store without a delivery system of its own. That is true; and yet, there is probably no large department store that would not prefer people to come and take the goods away in their own way, provided it was able to do, on that condition, all the business it had the store facilities to transact. And that has been the advantageous position of this country. Doing all the business it has had the means and capital to do, its customers have taken their own goods away, and have done it at a cost which can be proved to be less than the cost of producing ocean transportation for ourselves. Now comes an emergency. The question is, would it pay the department store suddenly to change its method of doing business and build up a large delivery system to meet a temporary disability on the part of its customers, when, of course, the emergency will pass, and when, afterward, the customers will come again to the store in their own ships and want to buy them less than the cost of delivery?

NO doubt the espionage upon retailers and the nation-wide activity of District Attorneys, animated from Washington, have had a restraining effect upon prices; but it is very easily exaggerated. The suspicion of conspiracy in the first place was very grossly exaggerated, proof of which is that there is a singular absence of indictments. In the meantime, the experiment of New York City with free public markets will be followed attentively by other cities. At the last minute it occurred to the managers that besides providing the free market places, procuring free advertising for them, and inviting the public to come with its market basket, somebody would have to bring edible things there to sell. So they appealed to the farmers to load up their wagons and come, holding out the inducement of free stall space and the virtue of doing something for the consumer. It is obviously impossible to coerce the farmer, or to terrorize him with the Sherman act. There is only one thing that will bring him. It is the price. If he can get

more for his produce at the public market than he got for it before, or can get for it elsewhere, then he will come, and not at all in a spirit of public service. It is possible, though not probable, that he will be able to obtain better prices in the public markets, and that at the same time consumers will be able to get food at a lower cost, but such happy result would be widely misunderstood and stand for the damnation of the extortionate middleman. All that might happen would be a division of the middleman's profit between the producer and consumer, to the advantage of both. The city provides the market place, and there is no rent to pay. Advertising is contributed gratis, and the cost of food is relieved of that. The consumer, to make the thing succeed, must come with his market basket, and carry his food away, and that relieves his food of the cost of delivery, which is often more than the cost of the food itself.

THERE is a lot of familiar nonsense about prices. It is, for instance, an article of human faith that beef prices are fixed by agreement, at the limit of the consumer's patience; and that the "Beef Barons" were the first to take a selfish and monstrous advantage of the war situation to raise prices. One who speaks even mildly in dissent or doubt is dismissed as either venal or so befogged by the false arguments of capitalism as to be unable to feel for the people. He is invited to consider the uniformity of beef prices, as if that were damning evidence of conspiracy, and he will protest in vain that on any morning blackberries or green vegetables are all the same price in any one of five village grocery shops. Price is a relative thing. The price of beef, if you think of it relatively, is not high, and has not been. The evidence rather tends to show that though it has been rising in price steadily for years, beef has sold all the time for less than it was worth, in comparison with other things. In spite of the rise in price, the per capita consumption has increased, the consumers have eaten choicer and choicer cuts, and the profit has not been sufficient to induce farmers to produce beef as a by-product, so that now, when a real emergency arises, the Department of Agriculture finds that hundreds of thousands of Southern acres suited to the production of beef have been left unutilized. A monopoly, to fix a price to the disadvantage of the consumer, must be able to control the source or sources of supply. The beef monopoly complained of cannot do that. Beef is something every farmer can produce as a by-product, if the profit appeals to him, and a commodity, whatever it is, cannot be called too dear in which there is yet insufficient profit to stimulate its production by hundreds of thousands of farmers who have only to want to do it and see their advantage in it.

Onlooker

European Wheat Crops

The Liverpool Corn Trade News has compiled the following on the indicated wheat crops abroad this year, compared with last year's official figures:

	Indicated This Year.	Official Last Year. Bushels.
Austria-Hungary	125,464,000	144,200,000
Belgium	4,400,000	4,600,000
France	250,000,000	340,000,000
Germany	148,000,000	168,000,000
Russia	*515,000,000	681,000,000
United Kingdom	58,000,000	55,800,000
Rumania	52,000,000	80,000,000
Italy	174,000,000	208,000,000

*Spring wheat, which is 75 per cent. of the total yield of Russia.

Loans as Aid to Trade

Turning as We Are Now to Our Opportunities in South America, It Becomes Necessary for Us to Consider Placing Capital at the Disposal of "New" Countries

WHILE seven great nations are exhausting their resources in the costliest war of all time, the United States is feeling its way toward a new place in the world's commerce. A foothold which in the ordinary cycle of development could not be gained in half a century is thought by many to be within immediate reach.

There is, however, an "if" which is very large, though it may not be insurmountable. We may be able to get the lion's share of the trade which other manufacturing countries have held up to this time with the great producing countries if we can supply, in a measure, the facilities which Great Britain, France, and Germany have had to provide to gain their pre-eminence in export trade. Oddly enough, the United States was preparing to inaugurate a new banking system which makes possible the establishment of foreign branches of national banks at the very moment that Europe was poised for its plunge into war. Almost the last ship to leave England for South America before the outbreak of war carried two representatives of the National City Bank who had been commissioned to prepare the way for the opening of branches of that institution in Argentina and Brazil immediately following the organization of the new Federal Reserve system.

OUR SOUTHERN FIELD

It is with the South American countries that the greatest opportunities for expanding this nation's commerce lie. With natural geographical advantages greatly increased by the opening of the Panama Canal, with Great Britain, Germany, and France, hitherto supreme in South American trade, engaged in a war that forces them to neglect their erstwhile customers, the time has come to test this country's ability to assume the lead in overseas commerce.

The South American countries are topographically and climatically unfitted for becoming prominent in manufactures. Water power, coal, and harbors, with which this nation is so richly supplied, are lacking. Latin America is naturally an agricultural and mining field, and authorities are agreed that there is no reason to look there, for a long time at least, for an evolution from producing to manufacturing such as has taken place in Europe, and to a less pronounced extent, in the United States.

South America's three principal sources of revenue are her rubber, chocolate, and coffee, in all of which commodities she is likely to remain supreme. Argentina exports grain and beef, and Chile, nitrates. South America's foreign commerce has amounted to more than two billions of dollars a year, although her total population is only about 50,000,000. If the United States is to take over a large part of the trade which has been going to Europe, it must be prepared to carry out the other end of the bargain, which means principally the supplying of new capital to make up the difference between sales and purchases.

Up to this point the United States has not had its logical share of Latin America's commerce. Itself a debtor nation, the United States has been content to use its

resources in domestic enterprises, supplementing them by capital obtained abroad. Europe not only had money for foreign investment, but was willing to take a lower interest return than is popular here.

As a result, this country has sold to South America only about one-eighth of her imports, and these were mostly of a nature which gave us special advantages over other nations. Moreover, about half our sales were made on a cash basis, owing to the lack of the financing machinery necessary to a credit business. Our capital investments in South America have been trifling compared with those of the chief European countries.

OUR TRADE AND OTHERS

By the same token, only 6 per cent. of our total exports last year went to South America. Despite our own great natural resources and agricultural strength, we had to spend \$215,000,000 down there, mostly for coffee and rubber, and we sold in return products valued at \$145,000,000. From the United Kingdom, South America bought \$275,000,000, and from Germany, \$177,000,000.

The lead which has been so easily held by Great Britain and Germany is due to these reasons: Europe's early entrance into that field; the foreigner's thorough study of the markets; their establishment of steamship lines, banks and agencies; and their liberal investment of capital. There has been a marked difference in the methods of procedure of the British and Germans. The former have gone into South America collectively, with immense sums of corporation money for investment in big projects. They have helped to develop countries, notably Brazil, Argentina, and Uruguay. The Germans have supplied much less capital, and have carried on their invasion through trade channels. They have sent young men to agencies of business houses to spend a term of years studying the people and methods. Both Great Britain and Germany have profited, and have been followed by the French, Spanish, and Italian trading firms, with the British getting the largest share. Shipments from the interior points in South America are made largely in English cars, moving on English rails, into English-built terminals and English warehouses.

THE NEED OF BANKS

W. H. Schaff, of the South American Commercial Museum, naming these factors as explaining the small part which the United States has played in developing the South American republics, went on recently to say:

Of more importance is the reason that there are no American banks. This is very near the root of the situation. For while in matters of exchange alone, it is entirely feasible under existing facilities to finance any transaction of international trade with our sister republics, the absence of American banking houses means the absence of Americans interested in making loans and investments, in creating those conditions of prosperous development which, in turn, create a market for foreign goods, and lead the beneficiary to turn naturally for advice and trade to his benefactor. This is our weakest point in our present relations with South America. Our position is selfish. We offer a surplus stock of goods not always in a way to suggest interest in continuous relations, and we tender no assistance that that can be compared with that offered by our competitors. Investment of capital in legitimate development is the surest way to bind these republics to us.

The possibilities of South American countries are not generally known in this country. Colombia, which is only 950

miles from Florida, covers an area as large as Germany and France combined; Brazil is larger than the United States proper. Argentina, with only about 7,000,000 of population, carries on a bigger foreign trade than either Japan or China. With a ready market for all of their agricultural products, the Latin-American countries have a great buying power. Argentina's imports per capita amounted to \$43.25 in 1909; those of Chile, to \$26.96; those of Peru, to \$11.55; and of Brazil, to \$8.56. The imports and exports of the principal countries in 1912 were as follows:

	Imports.	Exports.
Argentina	\$371,383,000	\$463,577,000
Bolivia	19,258,000	35,057,000
Brazil	307,865,000	362,346,000
Chile	122,075,000	137,643,000
Colombia	23,964,000	32,221,000
Ecuador	10,652,000	13,717,000
Guiana	8,176,000	8,633,000
Paraguay	5,393,000	4,269,000
Peru	25,788,000	42,193,000
Uruguay	50,861,000	50,210,000
Venezuela	20,395,000	25,732,000
Total	\$965,811,000	\$1,175,598,000

OUR LOANS ABROAD

The United States has offered only a very limited market for security issues of foreign companies, but individuals and corporations, following somewhat the German tendency, have raised large sums for use in exploitation work. John Barrett, who, as Director of the Pan-American Union, has made a careful study of South American conditions, says that if the United States could supply seven billion dollars in the next twenty years, it could all be profitably invested in South America. He estimates that \$150,000,000 of American money has been invested in Cuba, and in Porto Rico, Santo Domingo, ~~Honduras~~, Guatemala, Honduras, Salvador, Nicaragua, Costa Rica and Panama, \$50,000,000 more. He believes that Colombia, with its need for money to build railroads, open the mines of gold, copper, and platinum, improve navigation, and to market its lumber, offers a field for the investment of \$25,000,000 in the next ten years. Brazil, he thinks, should have \$100,000,000 in the near future, while Argentina offers almost as great possibilities.

The United Kingdom, Germany, France, and the United States divide most of the commerce of Brazil and Argentina, and the first three countries have all supplied large sums of capital in one form or another. It is interesting to note how these countries have divided their trade:

ARGENTINA.

	Imports from	Exports to	Trade With
United Kingdom	\$114,515,000	\$117,125,000	\$231,640,000
Germany	61,703,000	32,105,000	113,808,000
United States	57,057,000	31,257,000	88,314,000
France	36,301,000	34,790,000	71,091,000

BRAZIL.

	Imports from	Exports to	Trade With
United Kingdom	\$77,519,000	\$43,012,000	\$120,531,000
Germany	62,952,000	51,864,000	104,816,000
United States	48,049,000	141,739,000	189,788,000
France	27,710,000	35,471,000	63,187,000

In Argentina, Great Britain's position is commanding, with more than twice the trade of her nearest competitor, and for all of the countries combined she has very much more commerce than any other nation, although the United States has surpassed her in ten of the small northerly countries.

Figures of the enormous sums of capital which has been supplied South America by Great Britain are given by Sir George Paish as follows:

	In the Past	In 1913.	Seven Years.	All Told.
Argentina	\$93,205,000	\$591,695,000	\$1,600,000,000	
Brazil	104,350,000	441,135,000	739,000,000	
Chile	12,920,000	137,815,000	305,715,000	
Peru	4,500,000	34,945,000	170,865,000	
Others	7,195,000	55,640,000	180,620,000	

Stock Exchange Reopening

Conditions Precedent to Any General Resumption of Trading, as Exchange Governors See Them, May Take Long to Develop, but Trading on Cash Basis May Come Earlier

WHEN will the Stock Exchange reopen? The question has been repeated more insistently during the week just past than in the others of the month. There have been many rumors of a prospective renewal of business, and dates even have been mentioned. But in the way of actual developments the Special Committee of Five, which has ruled the board absolutely during the period of inaction, has not yet given any encouragement to those who would like to see trading resumed.

On the contrary, by such rulings as that which permitted trading through the Clearing House under sharp restrictions, the committee has given the impression that the Exchange is to be closed until the financial horizon is decidedly clear. Clearing House transactions were limited by the spirit of the ruling to such exchange of securities from day to day as was necessary to relieve the market situation of factors that might retard the general improvement of the country's finances.

WHEN?

When will the Exchange reopen? Members of the Special Committee and other deep-thinking Stock Exchange Governors have given a great deal of consideration to this question. These are the conclusions arrived at. They are given as a Stock Exchange view of its own situation:

1. The Stock Exchange is designed to facilitate the exchange of securities, and thereby assist in the creation of new enterprises.

2. The exchange of securities is an economic function which at this time is in itself of secondary importance, largely because of cessation of new enterprises, and because the market for credits must be undisturbed.

3. Any exchange now made would be governed mainly by the necessities, real or fancied, of holders of securities. This would result in abnormal prices, which are uneconomic, unethical, and unjust as the basis of settlements generally.

4. It is precisely to prevent the enforcement of contracts upon such a basis that moratoria were established in England, the Continent and South America.

5. The New York Stock Exchange is a part of the international financial structure. One part of the machinery cannot maintain its functions when all other parts are stilled. In such a situation large numbers of innocent people wholly unrelated to the war would stand to be shot at.

6. What is of vastly greater importance than the resumption of the stock markets is the resumption of an international exchange of commodities which are needed to maintain human life. This is largely a matter of credit, and until such ample credit facilities are restored as will insure the free movement of an exchange of commodities, the Stock Exchange should not by a resumption of its activities hamper or restrict such a movement.

ON A CASH BASIS

This summary gives little reason to hope for an early renewal of business. Yet it does not stand forth as a prophecy that trading certainly will not be permitted on the board for weeks or months to come. The exchange of commodities, brought about by the loosening of the credit situation, has not reached a state that might be called free, but progress has been made in the past ten days, particularly in the way of grain shipments to other countries. Immense shipments of wheat and oats have

been effectively financed through international channels, and the tendency is toward a greater facility of financial intercourse between this country and Europe.

The problem of credits is, in the opinion of most Stock Exchange men, the paramount obstacle in the path of renewed trading. The advisability of closing the Exchange was a debated matter until nearly the last moment because some believed that the country's banking facilities were strong enough to bear the brunt of the terrific liquidation from abroad that had been in progress for a week. There has been no question since but that the closing of the market against the selling of all creation was wise. And whereas there were bankers who previously thought that the purchase of Europe's outpouring stocks could be financed, the same ones are now frowning upon every effort to renew trading. Stock Exchange men say that if business was started up tomorrow the banks would quickly reduce it to a minimum or destroy it completely by refusing to make loans great enough to support any speculative operations whatsoever. They could not do otherwise.

SAFEGUARDS

It seems to be pretty well agreed among bankers and Exchange Governors that safeguards against destructive selling will have to be established when trading is renewed. Several proposals to this end have been offered. It has been suggested that only deals for cash be allowed; that steps be taken by the Special Committee to prevent other than bona-fide investment purchases at prices close to the last quotations on the day the Exchange closed; that the Exchange be open for one hour only on the first day, with sales for cash at whatever prices are made by the law of supply and demand; that the Clearing House method be transferred to the Exchange floor, with the exception from present operations that the amount of bids and offerings for stocks, with the prices, be made public; that all foreign business be ruled off the Exchange for several days. The latter would be done admittedly as a step for self-preservation. How it could be done is a problem as yet unsolved.

PRESENT TRADING

While the attention of Stock Exchange authorities is concentrated on plans for the future, sight is not lost of the business in securities that is going on. The Special Committee paved the way for regulated dealings when it decided that buying and selling orders might be balanced through the Clearing House at prices at or above the closing quotations on July 30. Inquiries at a number of prominent brokerage houses brought the reply on Saturday that none were trying to do any business at all. Others were found to be slowly filling orders from investment sources and making sales in cases where there was urgent need of closing out contracts. The Clearing House organization has not given out any figures, but it is known that daily transactions amount to a very small percentage of a normal day's business on the board.

Through sources outside the Exchange trading has been conducted on a moderate scale, despite the efforts made to keep it down. Brokers meet daily in New Street, and it has been reported on good authority that the aggregate of sales in this market on a cash basis has been considerable.

EXPORTS AT HIGH PRICES

Extent to Which This Fall's Grain Shipments May Go Toward Offsetting Our Debts to Europe.

IF exports of wheat, corn and oats bear so important a function in liquidating our maturing debts abroad in the next four months as many persons expect, there will have to be a notable expansion of shipments over those of the same period last year. But that is expected. The total of our debts to Europe which fall due between this time and the end of the first week of January next is estimated at \$250,000,000.

This table shows the amount and value of the leading grains that were sent out in the final third of 1913, with the value of the same exports at prevailing prices:

Exports in Last Four Months of 1913.	Value of Exports in Last Four Months of 1913.	Exports at Current Prices.
Wheat... 28,983,592 bush.	\$26,789,615	\$31,881,951
Corn ... 2,291,716 bush.	1,776,747	2,062,534
Oats ... 410,859 bush.	192,557	221,863
Total... 31,686,167	\$28,758,919	\$35,146,348

Should exports enter September with the impetus that characterized shipments in the last ten days of August, and continue on that basis, there is no question but that the past year's record will be far surpassed. In the week ended with August 27 no less than 9,300,000 bushels of wheat and flour alone were dispatched from the United States and Canada to countries whose commerce has not been tied up by the war, and the outflow of other foodstuffs was great. Exporters in a position to view the trade situation broadly believe that the record of 1913 will be exceeded by a very wide margin. As far as supplies go the United States is in an excellent position to meet a vast foreign demand for wheat while the exportable surplus of corn and oats promises to be at least on a parity with last year.

FOOD TO PAY DEBTS

Turning to the aggregate of food material of various forms, the data of 1913 gives more encouragement to the hope of meeting debts with commodities. These figures show what was sent out in the final four months of last year:

Value in Last Four Months of 1913.
Foodstuffs in crude condition and food animals..... \$35,605,000
Foodstuffs partly or wholly manufactured
111,976,635.
Total
\$147,581,635

If these items were matched in value they would come within about \$100,000,000 of the estimated amount of our debts to Europe. In all directions, however, prices have risen substantially and it would not be misleading to reckon on a material reduction of this difference at the end.

There is room for much mental speculation regarding the prospects for our trade in materials that the foreign nations urgently need. Imagination has been given much play during recent days about probable prices to be paid for grain that will be called for by Europe before the end of the year. Already prices as high as \$1.32 $\frac{1}{4}$ a bushel has been paid for cash wheat—an exceptional trade—and the moral effect of the sharp rise since the war began is reflected in the attitude of the farmer. Wheat is being hoarded on the farms. From far into the Northwest at Manitoba comes word that producers see lying ahead an opportunity for fabulous profits, and many seem inclined to wait for that instead of seizing the very great profit which is already offered them.

Renewed Railroad Plea

War Has Not Been Without Effect Upon Our Railroads, and Their Managers Are Thinking Again to the Commerce Commission for Help

MANAGERS of the Eastern railways, embracing thirty-nine systems, are formulating plans for another appeal to the Interstate Commerce Commission for an increase in rates. Although it was just four weeks ago Saturday that the commission rendered a long-awaited decision that practically denied an application for an increase averaging about 5 per cent., the railroad men maintain that conditions have undergone such a vital and complete change since the outbreak of the European war that they are justified now in asking the commission to reconsider the conclusions reached in their recent decision.

The new application, when it is made, will not be supported by any such volume of statistics and testimony as was offered in support of the two previous applications. Instead, the carriers will rely on two arguments: their inability to realize any substantial help from the constructive criticisms made in the Aug. 1 decision, and the immediate need of an increase to offset the heavy losses occasioned by the war. The gross revenues of all of the Eastern lines have fallen off rapidly with the tie-up of

a large part of the export and import trade, and the accompanying reduction in operations of a large number of industries.

Gross earnings of American railroads have been showing large losses almost continuously for a number of months. No month has shown any considerable gain since September, 1913, when the aggregate revenues of the carriers scored an increase of close to \$10,000,000. The following month brought a decrease of \$1,281,000, which was increased in November to \$9,143,000; in December to \$12,000,000; in January to \$16,884,000 and in February to \$23,823,000. March brought a trifling increase of \$660,000, the result rather of the disastrous showing in the previous year, due to the floods, than of any improvement in 1914 business. With April the losses were resumed with a decrease of \$8,157,000, which was increased in May to \$26,007,000. A smaller list of roads reporting in June showed a loss of \$10,355,000, and those which have so far reported for July, operating about one-third of the country's mileage, show a decrease of \$4,061,000.

The certainty of a good crop year was taken several weeks ago as promising an early upturn in railroad income, but the war has greatly lessened this possibility. For the first week in August 36 roads reported gross revenues 6.10 per cent. under those for the corresponding week of last

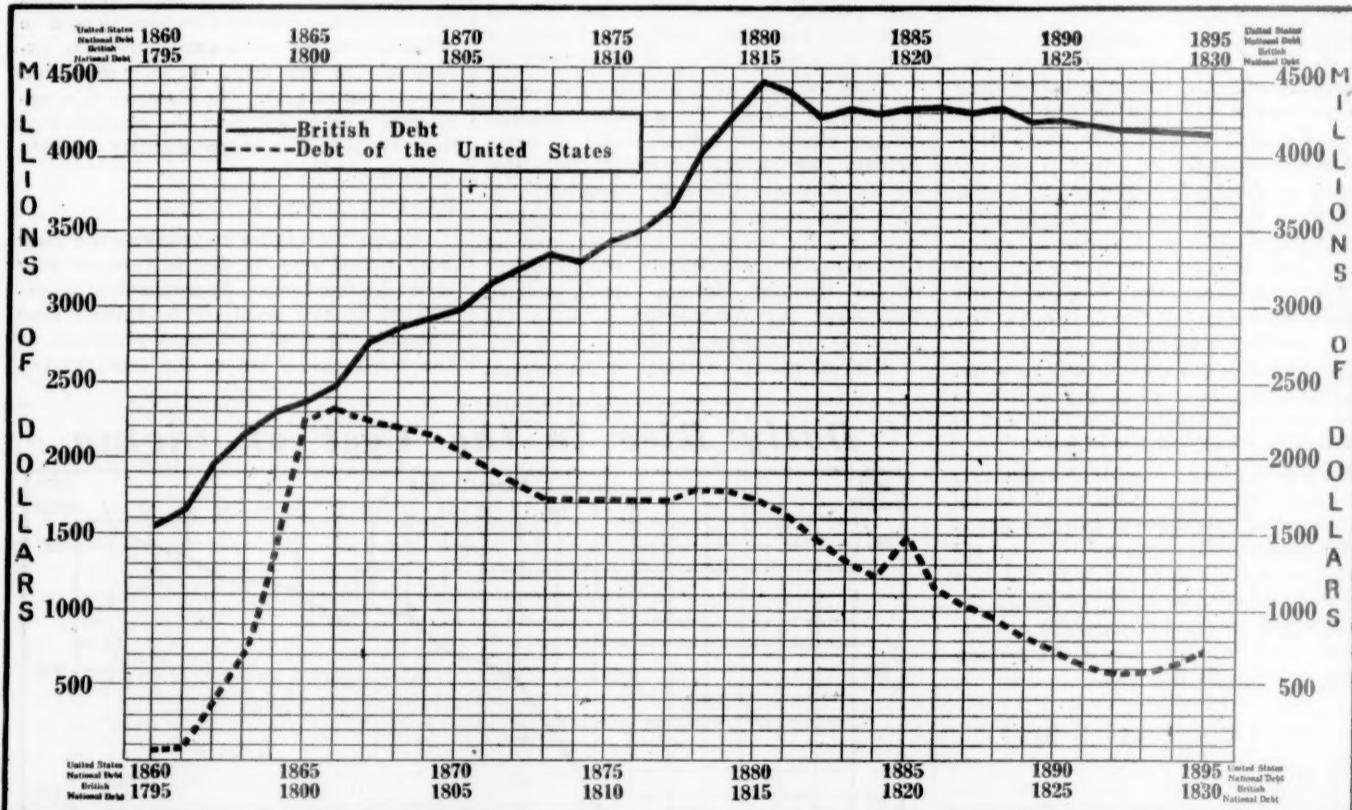
year; for the second week 37 roads reported an average decrease of 7.79 per cent., and for the third week 30 companies so far reporting show a decrease of 7.20 per cent. If the earnings of those companies which are concerned in the movement for a rate increase were to be separated, the showing would be much worse, for the losses in the Eastern half of the country have been offset to some degree by better results secured by companies in the Northwest.

The Eastern roads are now engaged in making as thorough a test as is possible in a short time of the suggestions for increasing their income embodied in the commission's decision. The managers do not believe that any considerable amount of money can be realized from putting these suggestions into effect, but to return to Washington with another request for higher rates, without first giving the recommendations of the commission a trial, would be to invite a speedy dismissal of the application.

"The commission is wrong in thinking that we can lift our revenues from inside," said one of the men who worked up the cases to support the two previous applications. "We know that it is wrong, but we must prove it by making an honest effort to realize what increases may be possible along the lines laid down. We are doing this now, and I suppose it will be several weeks before we shall be in a position to make an intelligent exhibit to the commission."

"Our earnings are declining from causes

Two War Debt Episodes



THE effect of war upon the debt of the British Government at the time of the Napoleonic wars and upon the debt of the United States Government as a result of the civil war is pictured in the above chart. The rapid increase of the British debt in that period—from 1795 to 1830—is also shown in the following table of new loans and funding made at that time:

1795	£36,000,000	1802	£25,000,000
1796	25,500,000	1803	12,000,000
1797	50,000,000	1804	15,000,000
1798	20,000,000	1805	24,000,000
1799	15,000,000	1806	22,000,000
1800	20,000,000	1807	16,000,000
1801	37,000,000	1808	10,000,000

1809 £14,000,000 1813 £67,000,000
1810 13,000,000 1814 24,000,000
1811 24,000,000 1815 54,000,000
1812 36,000,000

In 1816 the debt reached the maximum of £894,979,075, and thereafter there was a slight decline.

The growth of the United States debt resulting from the civil war was equally rapid. In 1860 it amounted to less than \$70,000,000. In 1866 it had reached a total of \$2,332,331,208, the highest in our history. Then the Government began to pay it off and it was reduced very rapidly, until, in 1892, it reached the lowest point touched since the

war. It then began to rise, but has, with the exception of two years, 1899 and 1900, when there was a sharp increase due to the Spanish-American war, remained under a billion dollars ever since. Because of our immense natural resources and the economic development of this country which followed the civil war, we were able to recover quickly from its effect, reducing our debt in the period charted by about 58 per cent.; whereas the British Government, less fortunately situated, was able to reduce its obligations by only less than 7 per cent. in a like number of years.

entirely beyond our control, and though we are scrimping and pinching in every way possible, the balance left for taxes and interest charges is menaced. This company is doing nothing on its line that is not essential to keeping the property from going back. There can be no room for considerable improvement in our net income from the inside."

In its findings on Aug. 1 the commission admitted the need of the railroads concerned in the application for larger revenues, but opposed the proposition to bring about the increase through an advance in freight rates. It was suggested that the passenger traffic is not bearing its share of the operating costs today, and should be made to return more revenue. Anticipating a reply from the carriers that in nearly all States passenger fares are already regulated by State authority, the commission suggested that the legislation restricting fares is due to the failure of the roads to separate freight and passenger costs. Classification of expenses, so as to show the public that it is getting too much for the money paid for travel, is the first recommendation of the commission for getting revenues up.

It was further urged that all unremunerative rates be modified, and that burdensome rules and regulations be removed. Special services, such as transit privileges, switching, wharfage, refrigerating, &c., the commission would see abolished. Of more importance in the eyes of the commission is the issuance of free passes, and the haulage without pay of private cars. Although the issuance of passes to any but bona fide employees of railroads is forbidden by law, the total of free passes distributed annually is very large, and the commission thinks that these should be done away with. The authorities estimate that the travel done on free passes last year on the Eastern roads, if paid for, would have added \$18,500,000 to revenues.

Perhaps the hardest suggestion to comply with in the decision is that calling for an increase in efficiency in the use of equipment. The commission finds that a freight car moves only three days out of thirty, and that it is loaded on but two days out of the three. Furthermore, cars are loaded on the average to but 58 per cent. of their capacity. A further possibility of saving is said to lie in the use of fuel economizers, and in more intelligent observance of laws.

Perhaps the most important suggestion of all calls on the Eastern roads to rid themselves of investments totaling \$684,000,000 in properties acquired but not used in railroading. It is difficult to see how that proposal is to be tried out before the roads return to Washington with another request for a rate increase, if the application is to be made this Fall.

British Capital Subscriptions

The amount of capital publicly subscribed in the United Kingdom in July was £21,947,742 this year, against £22,476,732 last year, and £29,846,337 in 1912, according to The London Statist. For the seven months the amount of capital publicly raised was £190,488,570, in comparison with £173,752,394 during the same period of last year, £150,826,821 in 1912, and £130,824,859 in 1911. In the first seven months of 1910, which was a year of heavy subscriptions, £176,439,047 was raised.

Of the total subscribed in July nearly £10,000,000 was for the colonies and India, over £7,000,000 for foreign countries, and £5,000,000 for the United Kingdom. For the seven months the amount subscribed for the colonies and India reached the total of £84,582,000, against £66,603,000 last year, and £41,641,000 in 1912. The sum subscribed for foreign countries in the period of 1914 was £67,341,000, against £75,377,000 last year, and £71,827,000 in 1912.

Emergency Currency

Provided for Under Law, Soon to Expire, and Used Now for the First Time, It Has Proved a Facile Expedient as a "War Measure"—Issue Grows Rapidly

THE demand on the part of banks for the issue of so-called emergency currency under the terms of the Aldrich-Vreeland act began to wane last week. The prompt issue of this additional bank circulation, which began within a few days after the closing of the New York Stock Exchange, was of the utmost importance in relieving the strain that was suddenly put upon the banking situation by European events.

The Aldrich-Vreeland act, which was passed after the panic of 1907 to make temporary provision for an elastic currency, pending a more deliberate and comprehensive reform of our banking and currency system, would have expired, after having been once extended, on June 30 of this year had it not been reenacted for another year by the Federal Reserve law.

PRECAUTIONARY ONLY

When this was done it was felt that it was an act almost of supererogation. It was generally expected that the Federal Reserve system would be in full operation before June 30. Furthermore, there was no sign of an approaching stringency or strain.

A general European war, however, was not within the calculations of anybody, and when it came with the suddenness of a thunder storm, bankers congratulated each other on the existence of the Aldrich-Vreeland provisions, authorizing the issue of additional banknotes secured by approved bonds of all sorts and by commercial paper.

They lost no time in availing themselves of these provisions. The day the Stock Exchange closed, or rather failed to open, Friday, July 31, the Executive Committee of the National Currency Association of New York made ready to handle applications for the additional currency, and its Chairman, William Woodward, President of the Hanover National Bank, started that night for Washington to make the necessary arrangements there.

The additional currency to the amount

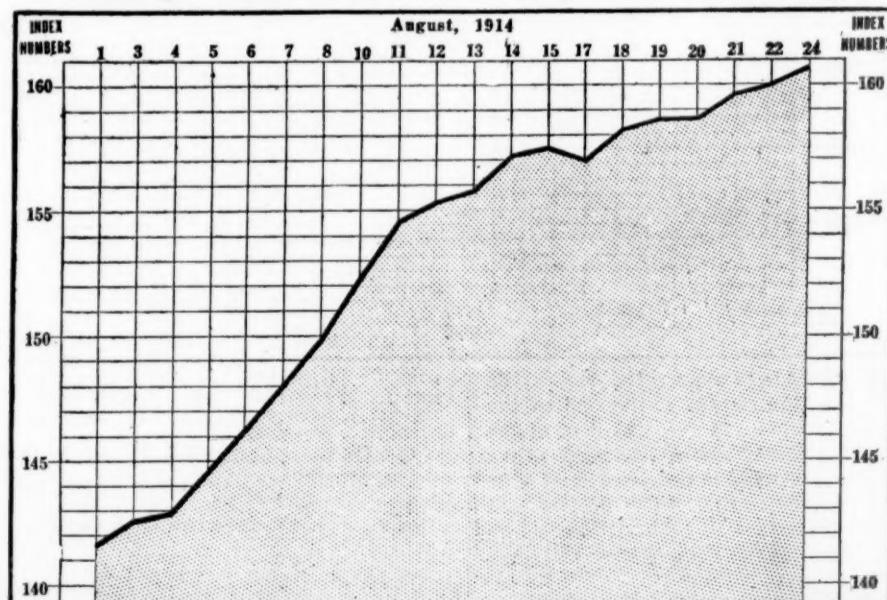
of \$500,000,000 had been printed immediately after the passage of the Aldrich-Vreeland act in 1908 and had remained available in the hands of the United States Treasury. Shipments were arranged on Saturday and on Monday, Aug. 3, the Sub-treasury in New York received \$46,000,000 of it. Charles S. Hamlin, then Assistant Secretary of the Treasury, now Governor of the Federal Reserve Board, established headquarters at the Subtreasury, where, with W. P. G. Harding, another member of the Federal Reserve Board, he passed on the securities presented by the Currency Association in behalf of the banks making application for notes. On Tuesday, Aug. 5, notes to the amount of \$15,443,000 had been actually delivered to applying banks, and on Wednesday \$28,205,000 more went out.

In the meantime, on Tuesday, Aug. 4, Congress amended the act so as to increase the amount of notes the banks might take out. The law as it stood made the additional notes available only to national banks having circulating notes outstanding secured by the deposit of bonds of the United States to an amount not less than 40 per cent. of their capital stock. Discretion was given to the Secretary of the Treasury by the amendment to suspend this restriction and also to suspend the limitation of the aggregate issue to \$500,000,000. The new restriction was that no bank should be permitted to issue circulating notes in excess of 125 per cent. of its unimpaired capital and surplus. The effect of this legislation was to increase the amount that may be issued to approximately \$1,000,000,000.

RESTRICTIONS LESSENED

Under the earlier restrictions the New York banks were entitled to take out only about \$100,000,000. Approximately \$200,000,000 is now available to them. Last Tuesday the final statement given out at the Sub-Treasury before the Treasury De-

Daily Rise in the Cost of Living



This chart shows the course of the Annalist Index Number of twenty-five foods, representing a theoretical family's food budget, each day, from Aug. 1 to the 24th. With a single exception, the rapid advance was uninterrupted, and on Monday last the highest point ever touched to that date was reached, when prices were more than 60 per cent. above the base, which is the average for the decade from 1890 to 1899. The greatest rise was in meats and breadstuffs.

partment began to ship currency direct to the banks showed that the amount applied for by thirty New York banks had been \$103,787,900, of which they had received \$83,244,490, the difference being the applications pending. The amount of notes that had been received at the Sub-Treasury was \$103,309,260.

Although New York's need was greatest, as the chief reserve city, the rest of the country was little behind it in taking advantage of the emergency law. The daily statements of the Treasury Department show how the amount issued has increased from day to day. The figures necessarily lag several days behind the actual transactions, as in order to save time they were handled through sub-treasuries so far as possible and did not appear on the books at Washington until later.

Although more than \$15,000,000 was issued in New York alone on Aug. 4, the Treasury statements show no deposit of miscellaneous bonds and commercial paper for the purpose until Aug. 7 and then only to the extent of \$120,000. By the following Monday, the amount deposited had increased to more than \$33,000,000. The figures by days are as follows:

Aug. 7.....	\$120,000	Aug. 18....	\$78,128,250
Aug. 8.....	120,000	Aug. 19....	82,660,250
Aug. 10....	33,053,000	Aug. 20....	87,057,250
Aug. 11....	39,504,000	Aug. 21....	89,139,250
Aug. 12....	48,953,000	Aug. 22....	93,127,250
Aug. 13....	50,658,000	Aug. 24....	94,239,250
Aug. 14....	60,852,000	Aug. 25....	103,839,250
Aug. 15....	67,061,750	Aug. 26....	104,026,500
Aug. 17....	73,956,250		

BASIS OF ISSUE

In its reports the Department makes no distinction between commercial paper and bonds other than Government bonds. Commercial paper, however, can be used only to the extent of 30 per cent. of the total deposit and then only by banks belonging to National Currency Associations. National banks may apply direct for notes, but only on the basis of approved state, county and municipal bonds, so that the proportion of commercial paper in the \$78,000,000 of total deposits might be considerably less than 30 per cent. The notes are issued up to 90 per cent. of the cash value of the bonds and 75 per cent. of the cash value of the commercial paper.

Secretary of the Treasury McAdoo announced last week that he would accept from the National Currency Associations as security for currency issued under the Aldrich-Vreeland law, notes secured by warehouse receipts for cotton or tobacco and having not more than four months to run at 75 per cent. of their face value.

In form the additional bank notes are exactly the same as other bank-notes. The only difference is in the security behind them, which, in the case of those issued through currency associations, includes the guarantee of the entire association.

Assay Office Gold Sales

At the New York Assay Office, July transactions in gold bars exchanged for gold coin and gold bars paid on deposits amounted to \$2,030,256. This compares with \$2,728,681 for the month of June. Below are the monthly transactions as officially reported:

	1914.	1913.	1912.	1911.
January ...	\$2,914,533	\$2,888,562	\$2,220,505	\$2,250,964
February...	2,741,624	2,591,241	2,385,569	2,085,715
March	3,058,054	2,828,363	2,200,272	2,471,441
April	2,836,057	2,987,301	2,406,879	2,085,458
May	2,778,723	2,873,334	2,382,798	2,530,508
June	2,728,681	2,815,847	2,354,219	2,432,868
July	2,030,256	2,185,140	2,039,839	1,862,170
August	2,627,401	2,740,570	2,565,007	
September...	3,382,215	2,971,692	2,970,335	
October ...	3,477,880	3,802,341	3,638,572	
November...	2,852,818	2,948,697	2,530,813	
December...	2,574,580	2,513,670	1,991,548	
Total ...	\$19,087,928	\$31,240,962	\$31,037,051	\$28,773,405

With our congested holding of bills liquefied at

GOVERNMENT HELP

How the British Guarantee and Other Relief Measures Have Worked in the London Market.

Special Correspondence of The Annalist
LONDON, Aug. 14

OUR overseas trade continues with a regularity that is almost a miracle. Scattered German cruisers are scarcely considered. Denmark, across the war-haunted North Sea, is actually the busiest of our importers. Under Government regulation, there are no famine prices for food. That such prices must rise as the war continues is regarded here as certain. It could hardly be otherwise, with so many fields of supply destroyed or isolated.

But as we foresee matters our hardships are to come, not from lack of food, but from lack of money with which to buy it. Already unemployment is increasing rapidly. Take two cases. In Dewsbury and Batley, the shoddy mills stand idle, because the supply of its raw materials, woollen rags, which comes from Eastern Europe, is cut off. At Nottingham the cheap lace mills, which make curtains and so on, are closed down, because it was the Continent of Europe that took nearly all their output. In general, industries which bought from or sold to continental Europe will soon be partly or wholly paralyzed. Those which deal with the New World and the Far East will be less affected. Among the latter is the cotton trade of Lancashire.

THE OTTAWA PLAN

The Bank of England, as you know, has arranged to buy gold in Ottawa, to be deposited there with the Minister of Finance, and to give credit for it in London. The purpose of this measure is clear. All our difficulties here are due to the single fact that we cannot get remittance from abroad, including the United States. That locks up all the credit represented by the enormous volume of foreign bills held by London banks and brokers. Remittance cannot be made by the ordinary operations of exchange, because foreign credits here have long since been exhausted. It cannot be made freely by gold shipments, because of the risks of war. The Bank's scheme enables remittance to be made without the risk of shipping gold across the ocean. It is, we understand, to be extended by a similar arrangement for the purchase of the output of the mines in South Africa, to be deposited at Johannesburg or the Cape. Such expedients partially relieve the situation.

To effect a substantial liquefaction of credit here on a large scale one thing only can serve, and that is the payment of our foreign debts by the import of goods. To bring that about, it is in the first place necessary to get the discount market into good working order again, and it is to that end that the action of the Government, just announced, is directed.

FUNDS LOCKED UP

London's funds for short loans was locked up in bills, which because of the failure of foreign remittance could not be met at maturity. To remedy that, the Government, in effect, takes over those bills en bloc. It does that by arranging with the Bank of England to buy the bills, promising to secure the Bank from loss thereon. Without that promise the Bank could not have faced so enormous a liability; it would have been too great, even for the Bank. Now, all the bills are being discounted at the Bank, even foreign agency bills, and other at which under ordinary circumstances, the Bank will not look.

The result will be to set free the funds of the joint-stock banks, and of the bill-brokers for use in fresh business in the discount market. Slowly, we may expect, the business will begin again, as fresh bills come forward. For the present it is probable that more of the work of acceptance will be done by the great banks, and less by the old accepting houses. Once begun, the rate of progress should increase, because as fresh foreign credits are obtained here the exchange market can work more freely again.

How quickly the actual beginning will be made depends now solely upon how soon the great banks can pull themselves together, overcome apprehensions which are no longer justified, and help themselves and their country by discounting again freely. There is nothing now in the currency situation to cause them the least alarm. Everywhere the public has settled down in perfect content with its one-pound notes. There has been no scramble for gold. At the Bank the reserve is increasing in the most satisfactory way, as gold leaks in, rather mysteriously, from abroad, and is bought at Ottawa.

the Bank, and with remittance beginning again, helped by the Bank's expedients, we may expect without doubt a prosperous return to a normal state of affairs in the discount market, allowing the smooth conduct of such business as is possible during a world-wide war.

During the first week of the war, the week of mobilization, the Government spent £10,000,000 above the average. That may be considered the cost of war for the week. To provide funds, it borrowed £9,000,000 from the Bank of England, and reduced the Exchequer Balance by £1,000,000. These are, of course, temporary expedients only. A vote of £100,000,000 has been obtained from Parliament, to cover expenditure on the war, and very soon the Government will have to set to work to get the money from the public.

LIQUEFIED BY GUARANTEE

Now that floating credit is liquefied by the Government guarantee, funds are going to be plentiful and there is going to be little use for them. It is likely that the Government will take advantage of these conditions to make a large issue of Treasury bills at a cheap rate. An ingenious suggestion is that funds thus borrowed and not needed at once, should be invested by the Government through the Bank of England in bills drawn against imports of foodstuffs. Thus the Government would get the money it needs, and release credit from the banks for use in fresh business in the discount market.

It is unlikely that anything in the nature of a fixed loan will be issued until the expected good news comes from the seats of war, and until the Stock Exchange is open again, events which may coincide.

There is a difference of opinion between the Stock Exchange and the public. A not very farsighted instinct of self-preservation lead the big stock-brokering and jobbing firms to refuse to consider, even, the reopening of the House until the course of the war is more clearly known, and good news comes. It is said that there would be a public collapse in prices, and widespread ruin.

Now, no one suggests the immediate opening of the house for business as usual. What is urged is that the floor of the house should be set at the disposal of members for cash bargains in stocks for immediate delivery.

EXPORT GRAIN SALES

Chicago Estimates of the Amount Sold to Europe—Western Sentiment Improves

Special Correspondence of The Annalist

CHICAGO, Aug. 28

MATERIALLY in some respects, sentimentally in some more, the situation here has continued to improve as the month comes to a close. So calmly has the West met the crisis that some large cities, like Indianapolis, found no occasion to utilize Clearing House certificates or to demand sixty-day notices from savings bank depositors.

Railroad and other crop advices have been unfavorable as regards corn and forage crops on account of continued drought and hot winds. Two of the largest corn-belt carriers, the Atchison and the Rock Island, expect only one-half of a full crop of corn, although there is still time for much improvement. Crop conditions otherwise are generally satisfactory, especially in the Northwest this side of the Canadian boundary.

Wheat prices rose to new high levels for the season day after day on account of the war news, and because of some progress in making transatlantic shipments, thus partially removing the railroad embargoes at Gulf and seaboard. Little attention was paid by the grain trade to higher ocean freight rates or to continued difficulties on foreign exchange. Exporters were busy with big foreign orders, placed or pending. Monday's export sales of oats were the largest of the season and at the highest prices of the season.

It is largely guesswork to say how much grain has been bought for export. At one time the export sales of wheat were estimated at much above 100,000,000 bushels, but many contracts were canceled. Probably 10,000,000 bushels of oats have been taken. Oats are exportable only when prices are low or the demand is urgent. Some enormous orders for flour have been reported recently, but the millers are not in position to fill them. Rumors of correspondingly heavy demand from abroad for meat are not verified. Cattle have declined 50 cents in a fortnight because the available supply seems larger than was generally supposed. The same is true of sheep and lambs—and possibly, also, because of the public agitation over high prices.

Foreign Correspondence

LONDON'S confidence has been increased by the naval victory in the North Sea. The money market there is relaxing further, but both in London and Paris an extension of the moratoria proclaimed at the outset of the war is being considered. It is thought likely that the terms of the moratoria may be narrowed to some extent. The London market is doing a little more business in the discounting of fresh bills, and the Paris banks are now accepting deposits free of the restrictions of the moratorium. Another issue of Treasury bills in London has been largely oversubscribed. New interest is being taken in Paris in the investment possibilities in the American market. A demand is reported for notes payable in dollars, which suggests a desire on the part of French investors familiar with such issues to place their funds in a market removed from the greater part of the hazards of war.

TURN TO OUR ISSUES

Paris Market Seeking Notes Payable in Dollars—To Extend the Moratorium

By Cable to The Annalist

PARIS, Aug. 29.—The business being done on the Bourse is nil. The liquidation of open accounts has been postponed until Sept. 30, but the question of postponing again the settlement of carry-over loans is still undecided. Strong pressure is being brought to bear to have these loans made repayable and also bank deposits. Banking institutions consider it impossible, however, to repay depositors under existing conditions, even if carry-over loans on the Bourse were terminated for the reason that the banks have no way of liquidating their security holdings.

The Government, it is reported, may limit the benefit of the moratorium to those filing special petitions claiming exemption under it, but it is argued in respect to this proposal that it would affect the standing of any concerns which filed such petitions.

While awaiting foodstuff shipments from your side exchange rates continue to rule high. New York exchange is quoted at 5.07 to 5.15, and London exchange at 25.26. Considerable interest is being rekindled in American investments, and it is believed that large French buying orders would be sent over to your market were Wall Street to reopen confidently. Notes payable in dollars are being sought as investments. The reorganization of the French Cabinet has proved highly satisfactory to business interests.

LONDON ENCOURAGED

Naval Victory Increases Confidence—No Plan Yet to Reopen the Stock Exchange

By Cable to The Annalist

LONDON, Aug. 29.—The naval victory announced late on Friday has had distinct effect in increasing confidence, although progress toward restoration of the city's machinery is still slow.

The Government's decision in respect to an extension of the moratorium is expected to be announced in Parliament on Monday. Banking and financial interests generally in London are almost unanimously in favor of an extension. Provincial manufacturers and traders, on the other hand, are for the most part against the proposal to extend. It is regarded as practically certain that

an extension of the moratorium, possibly with some closer limitation of its scope, will be decided on.

No progress has yet been made toward a reopening of the Stock Exchange. There is a little more business in the discounting of fresh bills. The second batch of Treasury bills, amounting to £15,000,000, was applied for two and a half times over. This shows that bankers are feeling the need of employment for their funds. In the provinces bankers are giving accommodation more freely to manufacturers and traders.

DUTCH FIX PRICES

Holland Takes Precautions Against Extortion by Dealers in Foodstuffs

Special Correspondence of The Annalist

AMSTERDAM, Aug. 10.

OUR country, although happily up until now not directly involved in the war, feels the serious consequences among all classes of our people. We are living in the midst of a financial crisis such as never has been witnessed here. The violation of Belgian neutrality by Germany, which has become the direct cause of the English-German war, had given rise to serious fears here that the same point of view would be taken by Germany in respect to our country, but the promise made by the German Minister of Foreign Affairs to the English Government, before war between them came, that the neutrality of the Netherlands would strictly be respected, caused some relief in this respect.

Our Government, in co-operation with leading financial people, has made the strongest possible efforts to throw oil on the troubled waters. One of the worst symptoms of the general panic that seized our public was the foolish distrust in the safety of the notes of our old, solid bank of issue, the Bank of Netherlands. The bank, wishing at this critical moment to safeguard its stock of gold, which forms the basis for its banknotes, has temporarily stopped the exchange of its notes into gold, and consequently, when the notes were presented for exchange into hard cash, the bank had to draw on its stock of silver.

Unfortunately, owing to heavy silver shipment during the last few years to the Dutch East Indies in order to increase the circulation of Dutch money there, the bank's silver stock was rather low. The bank was besieged with such a mass of people wishing to exchange the banknotes for silver that in one day's time the stock of silver diminished from 8,000,000 florins to 2,000,000 florins.

Considering that the scarcity of money would increase the prevailing nervousness, inasmuch as many shops refused to exchange the notes and only would deliver goods against payment in gold or silver, the bank, after consultation with the Government, decided to take extraordinary measures in order to meet the need of change. The Government issued 25,000,000 florins of paper money in denominations of 5 florins, 2.50 florins, and 1 florin. The name given this money is "silverbonds," (silvernotes.) It will be regarded as legal money along with silver coins. As soon as possible the "silverbonds" will be withdrawn, which will take place when the hoarded silver flows again into circulation, or when the mint has a sufficient supply of new silver against which the "silverbonds" can be exchanged.

The municipality of Amsterdam has worked in the same direction. Owing to the taking over of various public utilities, our municipality has to pay weekly a large sum in salaries, wages, &c., which has to be divided among a great number of men. In order to prevent their employees having difficulties in buying food, and in order to support the efforts which were made by the Government to restore calmness, city notes were issued in denominations of 1 florin, 2.50 florins, and 5 florins, covered by notes of the Bank of the Netherlands. Inasmuch as the issue of the notes is regarded as a make-shift, which it will be desirable to abandon as soon as possible, the date of maturity of the notes has been fixed at the end of this month.

A run on the savings banks added greatly to the general demoralization. It was feared that a continuance of large withdrawals from the Governmental savings banks would make the situa-

tion still more serious. It was resolved that the term for the withdrawal of money would be extended from fourteen days to six months, and that only amounts up to 25 florins could be withdrawn within seven days. Taking into consideration that there are about 1,600,000 depositors, with an average deposit of 110 florins, the importance of this protective measure is evident.

A measure of quite another character that has been taken by the Government, and that has also worked in favor of a return of calmness, has been the fixing of maximum prices at which food products may be sold. When the mobilization in our country was proclaimed there were unscrupulous shopkeepers who raised prices out of all proportion. In some instances they were asking 30 cents for a bag of salt that had cost a few days before about 4 cents. To avoid such excesses, which could only lead to increase the panic, the following prices were fixed by the Government, the exceeding of which was to be punished by seizure of the goods. The prices are quoted in florins, (approximately 40 cents):

	Florins,	Florins,	
	Per Kilo.	Per Kilo.	
Coffee	1.10@1.76	Rye bread .....	.18
Tea	2.20	Rice .....	.25
Oats .....	.25	Barley .....	.28
White sugar .....	.55	Salt .....	.09
Corn flour .....	.25	Soap .....	.23
Wheat flour .....	.25	Soda .....	.07
Buckwheat flour..	.25	Rapeseed oil.....	.50
White bread .....	.22	Vinegar (per bot.)	.14
Brown bread .....	.20	Petro'm (per litre)	.11

These prices are in general only from 10 to 40 per cent. above normal.

FRENCH BANKS RELAX

Deposits Are Accepted Now Ex-Moratorium, But Facilities Are Very Small

Special Correspondence of The Annalist

PARIS, Aug. 10.

BUSINESS, as known in time of peace, is now almost non-existent. When all men between nineteen and forty-five are marching off, how could it be otherwise? Banks, protected by the moratorium, reimburse 250 francs on each deposit account, plus 5 per cent. on the balance. Exceptionally, however, employers of labor can withdraw the whole amount of their wage bill. Since this week most institutions accept fresh deposits free of interest and "ex-moratorium," the depositor being allowed to withdraw at will. If this is instrumental in bringing back some of the hoarded money institutions will begin again to discount, but so far no facilities can be obtained by the trade, which, in fact, can utilize very few facilities indeed, since everything is at a standstill.

The Bank of France has not taken advantage of the moratorium. It paid out all that it was asked for, a thing quite easily achieved, considering that the limit of notes issuable has been increased by a decree from six-odd to twelve billion francs. The weekly statement has been suspended, so that we do not know to what extent depositors' withdrawals and advances to the Government have affected the institution. However, the bank has shown all along little inclination to secure gold during hostilities. The British institutions who rushed through to their Paris branches gold sovereigns found that the Bank of France would not pay more than 25.50 francs for them, which means 2½ per cent. below gold point. In the trade the sovereign is accepted for 26 francs and more.

It is not known as yet whether, besides the huge facilities which are given to it by the Bank of France, the Government will have recourse to an issue of Treasury bonds. There is a rather bad precedent. In 1870 an issue of 500,000,000 5 per cent. bonds were not fully covered. However, the position is quite different at present. Enthusiasm is so strong and the confidence in final victory so firm that the French population would readily give the Government all the money that is required for the success of this war.

N. W. Halsey & Co.

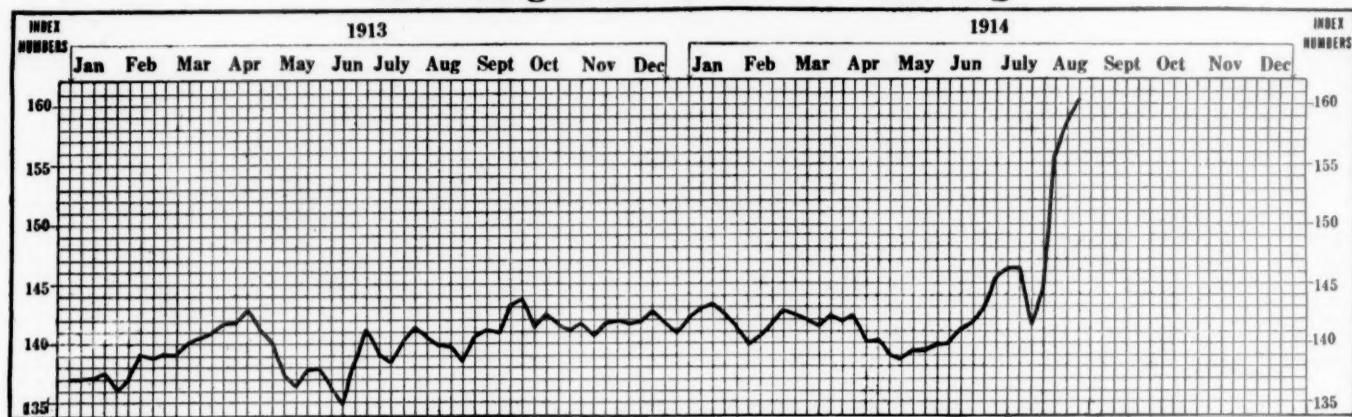
Bonds for Investment

Circular upon request

49 Wall Street, New York

Philadelphia Boston Chicago

The Highest Cost of Living



An index number is a means of showing fluctuations in the average price of a group of commodities. The Annalist Index Number shows the fluctuations in the average wholesale price of twenty-five food commodities selected and arranged to represent a theoretical family's food budget.

Barometrics

THE ANNALIST INDEX NUMBER

—Weekly Averages.—	—Years' Averages.—
August 29....160.30	1913.....139.98
August 22....158.52	1912.....143.25
	1896.....80.09
	1890.....109.25

POTENTIALS OF PRODUCTIVITY

The Metal Barometer		—End of July.—	—End of June.—
		1914.	1913.
Daily pig iron capacity, tons	63,935	81,657	63,698
U. S. Steel's orders, tons...	4,158,589	5,399,316	4,032,857
Pig iron production, tons...*	*1,957,645	*2,560,646	*14,359,660

*Month of July. †Seven months.

Building Permits

July, 104 Cities.	June, 122 Cities.
1914. \$64,912,541	1913. \$58,076,782
	\$71,573,386

Migration

	June.	Fiscal Year.
Inbound (alien only).....	71,728	1913-14. 1,218,480
Outbound (alien only).....	38,413	1912-13. 22,930
Balance	+33,315	200,338
	+153,331	308,190
	+915,142	+889,702

MEASURES OF BUSINESS ACTIVITY

Bank Clearings

Entire country. Percentages show changes from preceding year.			
The past week.	P. C.	The week before.	P. C.
1914.....\$2,065,307,136	-25.4	\$2,188,041,416	-20.8
1913.....2,769,947,692	+ 0.2	2,761,357,646	-2.5
1912.....2,762,661,699	+ 1.6	2,830,021,521	+12.1
		113,286,434,465	+ 6.4

For the week ended Saturday noon. Reported by telegraph to The Annalist

Central	Last Week.	Thirty-five Weeks.	Change.
Reserve Cities:	1914.	1913.	P. C.
New York	\$907,056,771	\$1,604,440,171	\$61,626,529,900
Chicago	254,794,678	278,911,547	10,930,785,935
St. Louis	59,543,915	68,656,245	2,706,221,467
Total 3 c.r.cities:\$1,221,395,364	\$1,952,007,961	\$75,263,537,302	\$76,680,880,105
Reserve Cities:			- 1.0
Baltimore	\$31,485,793	\$29,818,243	\$1,241,651,683
Boston	96,427,244	111,521,733	5,354,887,744
Cleveland	19,440,657	24,195,490	870,579,370
Denver	7,361,002	7,798,596	294,065,507
Detroit	23,385,914	22,496,283	946,149,739
Kansas City, Mo.	54,233,255	52,924,786	1,785,807,722
Los Angeles	17,430,680	17,014,257	802,724,142
Louisville	10,687,277	11,339,504	477,253,424
N.-w. Orleans ..	15,412,500	15,909,708	681,204,732
Omaha	15,684,985	15,423,806	580,396,745
Philadelphia	125,425,713	140,626,754	5,485,440,735
Pittsburgh	46,818,438	50,969,366	1,812,601,455
St. Paul	8,659,814	9,475,728	375,050,651
Seattle	11,570,574	12,103,744	418,461,319
Tot. 14 res. cit.	\$844,223,861	\$521,758,058	\$21,076,844,968
Grand total ...\$1,705,619,225	\$2,473,746,019	\$96,340,382,270	\$100,103,963,874
			- 3.8

Gross Railroad Earnings

	Third Week.	Second Week.	All.	Fiscal Year.
In August.				Ended June 30.
This year	\$8,635,184	\$7,977,813	\$94,361,995	\$1,155,353,419
Same last year.....	9,104,793	8,317,428	95,898,810	1,178,086,531

Gain or loss.....-\$469,609

.....-5.1%

.....-4.1%

.....-1.6%

.....-1.9%

*23 roads. †21 roads. ‡22 roads.

The Car Supply

Aug. 15.	Aug. 1.	Nearest Report to Aug. 15.				
Net surplus of all	1914.	1913.	1912.	1911.	1910.	1909.
freight cars.	172,145	196,665	54,425	43,901	104,170	78,760

Exports cars.....252,149

Imports cars.....180,514

Excess of exports.....+\$6,095,908

*Excess of imports.

Exports and Imports at New York

Exports.	Imports.
1914.	1913.
\$154,082,225	\$160,990,778

Week ended Aug. 22.. \$8,477,361

Thirty-four weeks....566,481,742

Exports.....\$15,797,498

Imports.....663,642,060

Exports.....\$12,162,302

Imports.....636,329,914

Exports.....\$18,265,132

Imports.....252,149

Exports.....\$18,265,132

Imports.....252,

Latest Earnings of Important Railroads

Below are shown the earnings of important railroads according to the latest reports published. The net earnings are in some cases the figure resulting from the

deduction of expenses alone from gross receipts, in others it is the amount remaining after taxes have been paid and car settlements made with other railroads. As

each railroad reports its net in the same way from month to month, these figures, published currently, are the best guide for those interested.

July Gross and Net Earnings

	July Compared With Same Month in 1913			July Compared With Same Month in 1913		
	Gross	Change	P. C.	Gross	Change	P. C.
Atchison, Topeka & Santa Fe.....	\$9,699,243	+ \$466,257	+ 5.1	\$2,871,471	+ \$440,887	+ 18.1
Baltimore & Ohio.....	8,146,688	- 873,933	- 9.6	2,272,021	- 367,819	- 13.0
Buffalo, Rochester & Pittsburgh.....	881,454	- 193,337	- 17.9	229,475	- 78,657	- 25.5
Canadian Northern.....	1,594,300	- 334,500	- 17.3	430,500	- 83,800	- 16.2
Canadian Pacific.....	10,481,972	- 1,501,090	- 12.5	3,778,446	- 338,347	- 8.2
Central of Georgia.....	1,166,371	+ 153,701	+ 14.7	310,324	+ 141,025	+ 83.7
Colorado Southern.....	1,124,495	- 79,861	- 6.6	184,114	- 84,214	- 31.4
Lehigh Valley.....	3,582,081	+ 134,380	+ 3.8	1,055,407	- 86,843	- 7.6
Wheeling & Lake Erie.....	531,094	- 246,832	- 31.7	143,302	- 32,565	- 18.5

June and Twelve Months Gross and Net Earnings

	June Compared with Same Month in 1913			Earnings Fiscal Year Ended June 30, Compared with Preceding Year		
	Gross	Net	Railroad	Gross	Change	P. C.
Amount.	Change.	Amount.	Change.	Amount.	Change.	P. C.
\$864,463	-\$66,624	*\$570,261	+ \$69,605	Cin., Hamilton & Dayton.....	\$10,804,217	+ .01
1,126,621	- 218,860	175,155	- 335,129	Chicago & Eastern Illinois.....	15,544,285	- 4.1
1,158,122	- 66,720	232,563	- 65,422	Chicago Great Western.....	14,260,521	+ 1.8
3,161,159	+ 100,056	964,768	- 99,585	Chesapeake & Ohio.....	36,690,021	+ 1,604,743
1,965,153	+ 11,650	666,588	- 34,677	Delaware & Hudson.....	23,990,060	- 909,472
476,936	- 246,564	142,166	- 125,107	Hocking Valley.....	7,021,145	- 796,498
4,383,454	- 444,438	1,095,513	- 157,363	Lake Shore & Mich. Southern.....	53,344,156	+ 4,927,895
4,515,756	- 152,267	259,947	- 312,322	Louisville & Nashville.....	59,682,777	+ 217,078
2,312,027	- 39,561	608,824	- 235,943	Missouri, Kansas & Texas.....	31,521,188	- 825,070
786,899	+ 16,875	175,803	- 33,193	Minneapolis & St. Louis.....	9,620,884	- 86,120
972,653	- 95,528	252,873	- 128,014	Nash., Chat. & St. L.....	12,778,333	- 538,828
6,157,112	- 218,821	1,621,635	- 266,774	Rock Island Lines.....	68,208,113	- 3,156,821
3,250,563	- 268,000	730,088	- 533,507	St. Louis & San Francisco.....	42,458,879	- 942,836
857,069	- 102,939	120,426	- 26,233	St. Louis & Southwestern.....	12,744,555	- 552,400
1,271,424	+ 67,911	93,579	- 176,361	Texas Pacific.....	18,652,684	+ 573,901
2,337,655	- 260,841	94,534	- 270,110	Wabash.....	30,022,494	- 1,746,792
711,147	- 6,896	*56,408	+ *13,871	Western Maryland.....	8,267,736	+ 635,057
*Deficit.					+ 8.3	

RAILROAD DIGEST

Weekly Gross Earnings

Following are the latest week's gross earnings as reported by important railroads in comparison with the same week of the preceding year:

Third week in August.	Amount.	Change.
Buffalo, Rochester & Pittsburgh.....	\$250,935	- \$7,882
Canadian Northern.....	307,600	- 88,600
Canadian Pacific.....	2,154,000	- 353,000
Chesapeake & Ohio.....	805,075	+ 63,448
Colorado & Southern.....	252,247	- 67,065
Denver & Rio Grande.....	470,100	- 55,200
Minneapolis & St. Paul.....	237,368	+ 21,721
Missouri Pacific.....	1,199,000	- 62,600
Missouri, Kansas & Texas.....	626,195	- 46,471
St. Louis Southwestern.....	205,000	- 54,000
Texas & Pacific.....	312,335	- 25,000
Toledo, Peoria & Western.....	237,398	+ 21,721
Western Pacific.....	120,000	- 24,000

Central Railroad of New Jersey

The company's report to the Interstate Com-

merce Commission for the fiscal year ended June 30 last compares as follows:

1914.	1913.	1912.	1911.
Tot. oper. rev. 27,372,315	28,465,756	25,887,737	24,799,234
Maint. of way. 3,314,271	2,785,817	2,635,358	2,498,265
Mt. of equipm. 4,705,570	4,229,746	3,831,109	3,733,051
Transp. exp. 8,803,493	8,499,553	8,012,481	7,103,640
Tot. op. exp. 17,783,044	16,404,890	15,348,778	14,198,995
Taxes..... 1,330,453	1,521,495	1,502,670	769,681
Oper. income.. 8,169,794	10,413,790	9,046,382	9,905,844
* * *			

Northern Pacific

Report to the Interstate Commerce Commission for the twelve months ended June 30, 1914, compares as follows:

1914.	1913.	1912.	1911.
Freight rev... \$48,558,811	\$52,270,685	\$43,793,521	\$43,332,918
Passenger rev... 15,707,811	15,808,035	15,343,752	17,278,812
Total op. rev. 68,544,891	72,076,138	63,423,946	64,192,831
Maint. of way. 9,363,823	10,188,053	7,861,490	8,065,462
Mt. of equipm. 8,063,101	8,532,671	7,207,716	7,911,231
Transp. exp. 21,710,988	23,590,379	20,756,336	21,601,477
Total op. exp. 41,472,062	44,673,298	38,158,517	39,296,790

Taxes	5,030,584	3,999,028	3,739,079	3,296,797
Oper. income.. 22,349,984	24,312,632	21,839,101	22,328,079	** *

Chicago, Burlington & Quincy

Hal Holden, a lawyer of Kansas City, has been unanimously elected President of the company, succeeding Darius Miller, who died on Aug. 22.

** *

New Haven

Report to the Interstate Commerce Commission for the twelve months ended June 30, 1914, compares as follows:

1914.	1913.	1912.	1911.
Freight rev... \$32,476,373	\$34,071,974	\$32,130,891	\$30,329,002
Passenger rev. 27,400,672	27,896,300	26,816,433	26,212,670
Total op. rev. 66,617,062	68,613,503	64,933,064	62,153,434
Maint. of way. 8,831,064	7,893,090	6,829,360	6,980,036
Mt. of equipm. 10,380,458	9,600,668	8,046,991	7,193,424
Transp. exp. 26,808,687	27,203,270	25,163,819	24,526,959
Total op. exp. 45,515,349	47,227,338	42,104,017	40,898,632
Taxes	3,568,219	3,714,755	3,792,872
Oper. income.. 14,619,694	18,310,855	20,424,329	19,076,234

Company	Rate.	Ind.	Loc.	Able.	Books
Ont. Power...	1/4	Q	Sep.	15	Sept. 5
Du P. Powder...	1/4	Q	Sep.	15	Oct. 15
Du P. P. pf. 1/4	1/4	Q	Sep.	1	Oct. 15
E. Steel 1st pf. 1/4	1/4	Q	Sep.	15	Sept. 1
Eastman Kdk. 2/4	2/4	Q	Sep.	1	Aug. 31
Eastman Kdk. 5/4	5/4	Ex Sep.	1	Aug. 31	July 31
Eastman Kdk. 2/4	2/4	Ex Oct.	1	Aug. 31	July 31
East Kdk. pf. 1/4	1/4	Q	Sep.	1	Aug. 31
F. M. & S. pf. 1/4	1/4	Q	Sep.	15	Aug. 22
Gal.-Sig. Oh. 3/4	3/4	Q	Sep.	30	Aug. 31
Gal.-Sig. Oh. 3/4	3/4	Q	Sep.	30	Aug. 31
Gen. Asphalt pf. 1/4	1/4	Q	Sep.	15	Aug. 15
Gen. Chemical. 1/4	1/4	Q	Sep.	1	Aug. 20
Gen. Chem. pf. 1/4	1/4	Q	Sep.	1	Aug. 20
Gen. Electric. 2/4	2/4	Q	Sep.	15	Sept. 17
Globe Soap 1st	1/4	Q	Sep.	15	Aug. 31
2d & sp. pf. 1/4	1/4	Q	Sep.	15	Aug. 31
Bank Stock.					
Chem. Nat. 2/4	2/4	B	Sep.	1	Aug. 26
TRUST COMPANY.					
Cit. Tr. Bklyn. 1/4	1/4	Q	S		

Utilities

Fairness in Regulation of Public Utilities

Difficulty of Determining What Is Fair Treatment of Public Service Companies, Many of Which Were Financed Before Regulation Was Established

JUST what constitutes fair regulation of public utilities is, of course, very hard to determine. It will be generally conceded that when a municipality grants certain rights to a public service corporation the public is entitled to such supervision as will prevent improper use of the powers vested in the corporation and insure adequate service at reasonable rates. On the other hand, the companies have an equal right to fair treatment in order that they may be able to give the service that is required of them and to be assured of a proper return upon their capital investment. In discussing the bankers' interest in state regulation before a convention of the Pennsylvania Bankers' Association, Parker S. Williams recently said that one of the great difficulties in arriving at what is proper fairness in regulation is that the public service companies are not starting afresh, simultaneously with the regulatory bodies.

THE EXTREMES

It would seem simple enough for a commission to fix proper rates; and in the case of a new company, satisfied that rates will be maintained sufficient to provide for a fair return from the outset, investors might be entirely willing to put their money into the enterprise. But regulation enters the field when public service corporations are in full swing. Their stocks and bonds have been issued and outstanding for years. Many of these enterprises were financed on bonds issued at a discount with a bonus of stock thrown in. On the one hand there are utility companies so floated asking commissions to provide a return on the face value of all those securities; on the other, some commissions are disposed to restrict the rates to a bare return on the actual cost of the physical plant. Mr. Williams thinks that something fair between these extremes must be determined. The old method of financing was necessary to some extent. Within certain limits it was legal, and even if the speculative element which seemed essential to make a proposition attractive in the past is now eliminated, the readjustment should not be made in such a way as to put necessary and efficient utilities into bankruptcy.

REGULATIONS DISCOURAGING

It has been feared that State regulation may tend to drive away enterprise and capital through the possible cutting out of any capital expenditures for the compensation of promoters, through not allowing for ex-

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penses or losses in the development of the business and through failure sufficiently to make provision for the cost of money, all of which are expenditures quite as necessary in the establishment and conduct of such a business as the purchase of poles, wires, pipes, tracks, and ties. It cannot be expected that men will give their time, brains, abilities and efforts to promote an enterprise, procure the money for it, and through preliminary years have no return or only a small return on the cash invested, without compensation. Such initial services are as proper a charge against capital as services in obtaining the charter. Such continued services are as much entitled to remuneration as those of the lawyer in preparing by-laws and certificates for full paid common stock, mortgages, merger agreements, or in applying for possible receiverships.

PUBLIC UTILITY NEWS

American Power and Light Company

	1914.	Increase.
July gross earnings.....	\$519,825	\$70,902
Net earnings	239,693	30,121
Twelve months' gross.....	6,331,359	746,566
Net earnings	2,930,890	443,728

Canton Electric Company

	1914.	1913.	Inc.
July gross earnings.....	\$38,957	\$29,657	\$9,300
Net earnings	17,897	14,884	3,013
Twelve months ended July 31:			
Gross earnings	400,486	374,426	116,050
Net earnings	231,755	189,327	41,428

Chicago Elevated Railways

Henry A. Blair, a member of the Board of Trustees, last week gave out a statement reading, in part, as follows: "For about ten years we have been showing an average increase in receipts of from 7 to 8 per cent. Since the depression in business occurred, that is in the past three weeks, our receipts have shown a falling off and the rate of increase over the corresponding period of last year has dropped to approximately 1 per cent. This shows that, even with poor business prevailing, we are still able to keep our receipts above those of last year."

Cleveland Railway Company

Report of the company for July, 1914, shows that the interest reserve fund, by which the rate of fare on the lines is governed, was reduced to \$276,802, July 31. This means that the rate of fare on the lines will be raised to 3 cents, with 1 cent additional for a transfer on Sept. 1, and the fare will be kept at this or a higher amount until the interest fund is raised to \$700,000 again.

Kansas City Electric Light Company

Valuation of the company has just been completed by P. J. Kealy, who reports that a fair market value of the property, excluding franchises, would be \$9,000,000 and that 8 per cent. would be a fair return on the investment. The rate is placed at 8 per cent. because the company is not a monopoly and is exposed to competition. Estimated cost of reproduction of physical property is placed at \$7,265,271, cost of attaching business at \$1,056,738, and plant development expenses at \$525,912, or a total of \$8,847,922. Actual investment in property is placed at \$7,471,130, and the accrued loss at \$1,851,491, a total of \$9,322,621.

Lehigh Valley Transit Company

Reports for July and twelve months as follows:

	1914.	1913.	Increase.
July gross	\$172,089	\$162,401	\$9,688
Net earnings	89,925	81,171	8,764
Twelve months' gross.....	1,851,129	1,685,326	164,603
Net earnings	952,925	847,343	105,582

Pacific Gas and Electric Company

A decision has been rendered by H. M. Wright, Standing Master in Chancery of the Federal Court at San Francisco, which holds that electric rates established by the City of San Francisco for the Pacific Gas and Electric Company during the year ended June 30, 1914, to be confiscatory. This follows a decision made by him a few weeks ago, holding that the gas rates established for the Pacific Gas and Electric Company in San Francisco for the same period to be confiscatory. For the year beginning July 1, 1914, the city authorities voluntarily granted a higher schedule of electric rates, which is satisfactory to the company and will not be contested. In the electrical case the Master found that the company was earning

but 5.82 per cent. on the value of the property fixed by him, and in the gas case it was earning but 5.21 per cent. on the valuation established by the court. The company reports for July and twelve months as follows:

	1914.	1913.	Increase.
July gross	\$1,350,322	\$1,209,562	\$140,730
Net after taxes.....	613,184	400,470	212,714
Surplus after charges.....	276,611	71,497	205,114
Twelve months' gross.....	16,883,780	15,512,376	1,371,404
Net after taxes.....	7,815,101	6,404,307	1,410,791
Surplus after charges.....	3,817,510	2,733,854	1,283,656

Portland Railway, Light & Power Company

The quarterly dividend of 1 per cent. on the \$25,000,000 stock, due at this time, has been passed. This action is stated to be necessary because of the general depression existing in the Northwest for the last two years and large increases in expenses and taxes.

Republic Railway & Light Company (and subsidiaries)

	1914.	1913.	Increase.
July gross	\$252,949	\$258,300	-\$5,351
Net after taxes.....	105,204	98,184	7,020
Twelve months' gross.....	3,088,496	2,877,424	211,071
Net after taxes.....	1,217,702	1,096,907	120,794

*Decrease.

Rockford Electric Company

	1914.	1913.	Increase.
July gross earnings.....	\$33,088	\$39,166	-\$6,078
Net earnings	11,621	9,653	1,968
Twelve months ended July 31:			
Gross earnings	486,982	439,382	47,600
Net earnings	203,387	230,893	32,494

* * *

Scranton Electric Company

	1914.	1913.	Increase.
July gross earnings.....	\$75,904	\$63,165	\$12,739
Net earnings	32,555	28,468	4,087
Twelve months ended July 31:			
Gross earnings	1,062,859	863,085	199,774
Net earnings	638,224	511,520	126,705

* * *

Southern California Edison Company

	1914.	1913.	Increase.
July gross earnings.....	\$407,571	\$400,120	+\$1,558
Net earnings	230,822	214,712	16,110
Seven months' gross.....	2,734,120	2,603,074	41,046
Net earnings	1,357,485	1,356,800	685

*Decrease.

Southwestern Power and Light Company and Subsidiaries

	1914.	1913.	Increase.
July gross earnings.....	\$229,761	\$176,895	\$52,866
Net earnings	105,855	82,265	23,590
Twelve months' gross.....	2,602,881	2,110,784	492,097
Net earnings	1,172,065	937,405	234,660

* * *

Tennessee Railway, Light & Power Company

Quarterly dividend of 1½ per cent. on the \$10,500,000 cumulative preferred stock, due tomorrow, was passed last week by the Board of Directors.

News Digest

FORECAST AND COMMENT

James J. Hill

There will be plenty of work for every branch of activity throughout the nation during the next year, if the people will exert the utmost judgment.

* * *

Bradstreet's

Trade is very irregular, verging, in fact, toward marked unsettlement in some sections, the South, for instance, and although parts of the West and Northwest continue to report activity the general trend is toward conservatism. In a word, the disposition is to gauge purchases to immediate requirements, for which prompt shipments are requested, and to disregard probable future wants.

John V. Farwell Company, Chicago

Wholesale dry goods business continues brisk, owing to presence of a large number of buyers in market. Many items dependent upon Europe for supply are fast being sold up and withdrawn from lines until this country can arrange to produce suitable substitutes. Conditions are unusually

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favorable for bringing out American manufacturing ideas to meet present exigencies.

Ludwig Vogelstein

My personal belief is that this war is going to do so much harm to all countries, to their peoples, and to business, that no benefit that can be derived from it can compensate the world for the terrible loss of life, or property, and of mutual good feeling which had existed prior to the war.

James H. Brookmire

Basic conditions here are sounder than anywhere else in the world. For this reason during the next few years European investors will buy back at higher prices the American securities which they have recently been compelled to dump in our market owing to the tightness of money abroad.

Claus A. Srockels (President, Federal Sugar Refining Company)

If half the European beet crop is made into sugar, which seems questionable now, there will still be a dangerous shortage in the world's supply, and prices are liable to go to any height.

American Wool and Cotton Reporter

The wool market is buoyant with very active trading and prices well maintained, with a decided tendency toward strengthening on certain of the more desirable grades of wool. The cotton goods market is in a more unsettled condition in some respects than in previous weeks, although considerable strength has developed in certain directions.

Iron Trade Review

Continued heavy inquiry in this country for steel products for shipment to foreign consumers whose sources of supply have been shut off or interrupted by the European war features the iron and steel situation. The tonnage represented by these negotiations is heavy in the aggregate, and it is inspiring a favorable sentiment.

Iron Age

The tendency at the moment is to exaggerate the amount and significance of the inquiries from other countries for American steel products.

Dun's Review

Business is day by day adjusting itself to a war basis of values, risks, and demand. The process of readjustment to extraordinary conditions, however, is necessarily slow, and merchants are obliged to exercise patience in dealing with new and difficult problems that arise. The result is extreme caution, coupled, however, with a courageous view of the future.

Marshall Field & Co.

Buyers continue in the market in great numbers and orders from salesmen on the road are in much better volume than is usual at this season. Merchants are buying liberally, but not speculatively, of lines that may be affected by the cessation of industry in Europe.

GENERAL

The War

The week opened with a great battle, or series of battles, raging along a line 150 miles long, extending from Mons in Belgium to the Luxembourg frontier, and with the Russian Army extending its operations against the Germans some fifty miles into Prussia, several cities being captured by the Czar's troops. The French and British took the offensive against the German Army on what, the French War Office said, was difficult ground. On Sunday, the 23d, Japan, having received no reply to its ultimatum to Germany, issued a declaration of war against that country. Early in the week news of important German victories began to come in. On Monday the Allies were forced to retire to covering positions after the failure of their offensive operations. Reports of Tuesday's operations showed that the Allies were gaining to the south of the long battle line, while the Germans, reinforced by fresh troops, gained in the north. The French War Office announced that it had withdrawn its forces from Alsace as a matter of hard necessity in order to strengthen the army on the Meuse, where the German attack was concentrated, and stated that "the fate of France depends on the battle now being fought on a 200-mile line from Maubeuge, near the Franco-Belgian frontier,

to Donon, a mountain in the Vosges, on the Alsace frontier." On Wednesday the French Cabinet resigned and a new one was formed in order to meet the crisis. The Allies were again forced to retire, this time but a short distance, in the face of the terrific German attack. It was announced that the Russians were continuing their advance in Prussia and were menacing Posen and Koenigsberg. On Thursday the Germans captured the French fortified town of Longwy after a siege lasting twenty-four days. The French War Office announced that the Germans had been driven back in the Vosges district, but, nevertheless, the Allies' line fell back a little on their right flank. Germany reported that all the Namur forts were taken. The German liner Kaiser Wilhelm der Grosse, which had been fitted out as an armed cruiser, was destroyed off the west coast of Africa by the British cruiser High Flyer. British marines occupied Ostend to prevent Germans from getting a foothold on the English Channel. On Friday the Allies' lines held firmly and the French War Office reported that the German attack seemed to be slackening. The first naval engagement of consequence of the war took place on Friday, when the British fleet attacked a German fleet off Heligoland and sunk two cruisers and two torpedo boat destroyers. A third cruiser was set afire and left sinking. None of the British ships was lost in the engagement. The Russian Army continued its advance. At the week's end the French attacked in force at St. Quentin and forced the Germans back. It was reported that the Germans were withdrawing troops from Belgian territory and sending them to Prussia to check the Russian advance. Both Germany and Russia claimed big victories in East Prussia. The Military Governor of Paris ordered all residents of the zone within the line of fire of the city's defending forts to abandon their homes and destroy them before next Thursday. Austria reported a victory against the Russian troops at Krosnik, and that another Austrian Army had invaded Russia.

Financial Chronology

Monday, Aug. 24

Wheat prices rise to new high records for the session, the September option reaching \$1.06½ in New York and \$1.01 in Chicago. American Railway Association reports a decrease of 24,520 in the number of idle freight cars on the railways of the United States and Canada on Aug. 15, compared with Aug. 1. Money, 6@8 per cent. Demand Sterling, \$5.02½.

Tuesday, Aug. 25

Foreign orders for wheat causes an advance of 4½c a bushel for the September option to \$1.11 in New York, and 2½c to \$1.03½ in Chicago. December option in Chicago advances to \$1.07½, and the money option to \$1.13½. Leading bankers discuss a plan for meeting our maturing obligations abroad without losing too much gold. Engagement of \$750,000 gold for export. Country's foreign trade statement for July shows imports of \$160,178,000, a new high record for that month, and exports of \$154,082,000, leaving an excess of imports of \$6,096,000. Money on call, 6@8 per cent. Demand Sterling, \$5.03½.

Wednesday, Aug. 26

Grain prices rise violently, the September option in New York advancing 5¾c to \$1.16¾ a bushel, and in Chicago 7c a bushel to \$1.10¼. The December option advanced in Chicago 7¾c to \$1.15, and the May option 7¾c to \$1.21¾. Gold amounting to \$500,000 withdrawn from the Sub-Treasury for shipment to Canada. Receivers appointed for the International Steam Pump Company. Money on call 6@8 per cent. Demand Sterling, \$5.03@ \$5.04.

Thursday, Aug. 27

September wheat advances 1¼c a bushel in New York to \$1.18, and in Chicago 1¼c to \$1.12. The December option advances in Chicago 2¾c to \$1.17¾, and May option 3¾c to \$1.25. A reaction at the close lowers these prices from 4½ to 5¾c a bushel. Bank of England's weekly statement makes favorable showing compared with the previous week, the proportion of reserve to liabilities increasing from 15.80 to 17.83 per cent. Sale of a Stock Exchange membership at \$42,000, the same as the last previous price. Money on call, 6@8 per cent. Demand Sterling, \$5.04.

Friday, Aug. 28

Further reaction in wheat market carries down price of September option in New York 3¾c a bushel to \$1.13¾, and in Chicago 3c to \$1.04½. The December option in Chicago declines 3¾c to \$1.07½, and the May option 2¾c to \$1.16¾. Wheat exports from the United States and Canada for the week estimated at over 9,300,000 bushels, the second largest weekly total ever reported. New York Cotton Exchange appoints a committee to confer with committees representing the Liverpool and New Orleans Exchanges on the settlement of problems growing out of the tie-up of the markets.

Settlement on the Paris Bourse extended to Sept. 30. Money on call, 6@8 per cent. Demand Sterling, \$5.07, and cables, \$5.08½.

Saturday, Aug. 29

Wheat prices rally 2c a bushel in New York, and from 2½@2½ a bushel in Chicago. The weekly statement of the average conditions of the New York City banks shows a decrease in the deficit under legal requirements of \$8,862,900. Banks gain \$6,586,000 and increase circulation by \$14,618,000.

* * *

Anti-Trust Bills

Consideration of the Clayton Anti-Trust bill was resumed in the Senate last Tuesday. Some important amendments were introduced. One prohibits tying contracts; another provides a procedure for the investigation by the proper commission of violations of the provisions regarding tying contracts, holding companies, and joint corporate officers similar to that provided for in the Trade Commission act; a third provides that no corporation, except carriers, shall be admitted to interstate commerce if its capital exceeds \$100,000,000, while a fourth provides for the penalization of corporations violating the Anti-Trust Act either by throwing them into receiverships, after which their property would be sold, or by fining them 10 per cent. of their assets, the fine to be levied against holdings of officers until their interests be entirely confiscated. Another amendment was adopted providing that if the courts held a part of the bill to be invalid the remainder should remain in force. Another amendment proposes that all contempt cases be tried by jury. It was reported in Washington last week that there is a strong probability that the bill giving the Interstate Commerce Commission supervision over railroad securities will be dropped from the Administration's anti-trust legislative programme for the present session.

* * *

Postal Savings Deposit Limit Raised

The House and Senate on Friday passed the bill which increases to \$1,000 the limit on individual deposits in postal savings banks.

* * *

Interest Rate Limited

State Superintendent of Banks of Tennessee last week ruled that State banks cannot pay more than 4 per cent. interest on deposits. Under the ruling, any bank which pays more than that rate of interest shall carry funds on which the higher rate is paid in its statements as borrowed money, and not as deposits.

* * *

Tap Line Ruling

Reversing its former ruling to conform to the recent Supreme Court decision, the Interstate Commerce Commission last week declared tap lines to be common carriers. The commission refused, however, to accord to tap lines the right to grant milling-in-transit privileges.

* * *

Louisville Stock Exchange

Subject to certain defined restrictions, the Board of Governors of the Louisville Stock Exchange has decided to permit members to trade in all classes of securities.

* * *

Cotton Warehouse Bill

The Senate passed the Smith Cotton Warehouse bill last Tuesday. The bill provides for storage under Federal supervision and the use of warehouse receipts. Before passage the bill was amended to provide protection for naval stores, tobacco, grain, and canned salmon.

* * *

Cotton Finance Plan

Following conference of cotton interests at Washington last week, Secretary of the Treasury McAdoo gave out a statement of his plan to aid the cotton growers in the South. The statement follows: "Among the eligible securities to be used

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as a basis for the issue of currency I have decided to accept from national banks, through their respective national currency associations, notes secured by warehouse receipts for cotton and tobacco, and having not more than four months to run, at 75 per cent. of their face value. The banks and assets of all banks belonging to the currency association will be jointly and severally liable to the United States for the redemption of such additional circulation, and a lien will extend to and cover the assets of all banks belonging to the association and to the securities deposited at these banks with the association pursuant to the provisions of law, but each bank composing such association will be liable only in proportion that its capital and surplus bear to the aggregate capital and surplus of all such banks."

Lever Bill

The Lever bill to establish uniform grades for cotton was reported favorably to the House last Thursday.

Water Power Bill

By a viva voce vote the House last week passed the Ferris bill, which provides for the development of water power on the public domain. The bill gives the Secretary of the Interior authority to make leases for a period of fifty years for the development of such water power, the leases to terminate at that time and to be taken over by the Government at a fair valuation unless renewed.

S. H. P. Pell & Co. Plan

General partners of the firm have submitted a plan to creditors which proposes that a corporation be organized to liquidate the assets, the corporation to issue its notes to creditors, bearing 5 per cent. interest, and payable at a stated time. R. M. Thompson, the largest creditor, with a claim of \$3,100,000, has agreed to waive his claim, providing that the receivers will release to him all of the securities owned by him now in their charge. The assets of the firm are estimated at \$1,322,200, while the liabilities are placed at \$5,349,573.

Seamen's Bill

The Seamen's Relief bill, intended to increase safety of ocean traveling and provide better conditions for sailors, was passed by the House last Thursday without a dissenting vote.

Proposes Embargo on Breadstuffs

A resolution was introduced in the House of Representatives last Friday, directing the Attorney General to take action against manipulators of food prices and requesting the President to put an embargo on the shipments of wheat and flour from this country if, in his judgment, operations of speculators cannot be otherwise checked.

Income Tax Yield

Preliminary report of the Commissioner of Internal Revenue gives tax collections in the fiscal year ended June 30, 1914, as follows:

Corporation excise tax.....	\$10,671,077.22
Corporation income tax.....	32,456,662.67
Individual income tax.....	28,253,534.80

Individual income tax was computed upon five-sixths of net incomes accruing for the calendar year 1913, the collections from this source as classified conforming to the provisions of the act were as follows:

Income tax, normal.....	\$12,728,038.02
Income tax, additional:	
Net incomes exceeding \$20,000 and not more than \$50,000.....	2,034,754.40
Net incomes exceeding \$50,000 and not more than \$75,000.....	1,045,639.30
Net incomes exceeding \$75,000 and not more than \$100,000.....	1,323,022.61
Net incomes exceeding \$100,000 and not more than \$250,000.....	3,835,948.40
Net incomes exceeding \$250,000 and not more than \$500,000.....	2,334,582.95
Net incomes exceeding \$500,000.....	3,437,850.23
Offers in compromise, &c.....	13,698.89
Total	\$28,253,534.80

Three States, New York, Pennsylvania, and Illinois, paid taxes of more than \$37,000,000, or more than half of the entire income tax collections.

Consolidated Stock Exchange

M. E. De Aguero, President of the Consolidated Stock Exchange, gave out a statement last week, as follows: "We are endeavoring to figure out a plan under which the Consolidated Stock Exchange can open for trading in a limited way, somewhat upon the following lines: Trading to be confined within a limited range of prices, the minimum being an average of about 1 per cent. below the closings of July 30. All trades to be for delivery on the following day, and no marginal trading to be allowed. (The latter rule would eliminate short

selling.) It may be that there will be established three calls daily, say, at 9:30, 12, and 2 o'clock, the advantage being that bids and offers made on the calls would be open to the whole room, and an actual bona fide market thus established."

National Jewelers' Board of Trade

State Attorney General Carmody has signed an order providing that the application of Charles L. Apfek for the institution of a suit to vacate the charter and annul the corporate existence of the National Jewelers' Board of Trade be granted unless the board shall on or before Oct. 1 present to the Attorney General satisfactory proof, by affidavit or otherwise, that it has permanently abandoned the business of a collection agency and the furnishing of attorneys and counsel to its members or others.

September Disbursements

Total dividend and interest disbursements for September are estimated by Dow, Jones & Co. at \$112,000,000, as compared with \$114,000,000 last year. Up to the present time dividends declared payable by New York City banks and trust companies and the various corporations of the United States aggregate \$60,908,576, based on a total capitalization of \$2,943,062,516.

H. B. Clafin Company

It is reported that the plan now under consideration by the Clafin reorganization committees provides for a cash dividend to all creditors of 15 per cent. and new notes for the remainder, backed by the collateral now held by the noteholder. Assets will be held in trusteeship for adjustment, and stockholders of the company will not be assessed.

Standard Oil to be Prosecuted Again?

It was reported in Washington last week that the Department of Justice might again bring action against the Standard Oil Company of New Jersey, on the ground that the company had not lived up to the dissolution decree of the Supreme Court. Attorney General McReynolds announced that he would advise President Wilson not to comply with the resolution adopted by the Senate on Thursday, calling for evidence collected by the Department of Justice concerning allegations that the Supreme Court's dissolution decree was being violated. The company, through its attorney, has filed with the Senate Committee on Contingent Expenses a protest against investigation of its affairs. It denies that it is violating the anti-trust laws.

Ship Registry Bill

President Wilson last Monday signed the bill authorizing the admission of foreign-built ships to American registry.

Ship Purchase Bill

No definite action has as yet been taken on the bill authorizing the Government to purchase and operate ships in foreign trade. Considerable opposition to the bill has developed. President Wilson last Tuesday issued a denial of the report that this legislation was to be abandoned.

War Risks Bill

Senate Committee on Interstate and Foreign Commerce last Friday reported favorably on the bill which provides for the creation of a bureau of war risk insurance. The House passed the bill late Saturday.

Bankers' Conference

The Federal Reserve Board has called upon a number of bankers to meet with the board next Friday for the purpose of discussing the general situation and to approve a plan of organization that has been worked out by the board.

Calling of Loans Denied

Controller of Currency Williams last week addressed a letter to New York bankers, saying that complaints had been made that national banks in New York were "imposing unnecessary and unreasonable hardships upon borrowers whose obligations are secured by collateral, and that certain banks are throwing out loans, in some cases on high-class or interest or dividend-paying securities." A canvass of the principal banks, however, failed to disclose any cases where loans had been called, and bankers generally said that the letter was entirely unwarranted.

Settlement Rules for Unpaid Drafts

Special Committee of Foreign Exchange Bankers on Thursday notified the banks that it seemed inexpedient to make any change at this time in the rules governing settlement of maturities under letters of credit covering acceptances prior to

Aug. 4. The committee suggested that upon return of the drafts, both original and duplicate, or furnishing of a satisfactory guarantee, settlement will be made at the rate at which the draft was bought, plus interest at 6 per cent. In other words, that the seller pay the exact amount that was received for the draft, plus interest as above.

Copper Output

The following table shows the normal monthly copper output of leading producers and the amount of curtailment owing to the European war:

Mines or group:	Normal Monthly Output, Pounds.	Monthly Curtailment, Pounds.
Annacunda	20,000,000	10,000,000
Utah Copper company	15,200,000	6,600,000
Bay Consolidated	6,200,000	3,100,000
Chino	5,800,000	2,900,000
Nevada Consolidated	4,800,000	2,400,000
Miami	3,200,000	1,600,000
Greene-Canaan	3,500,000	3,500,000
East Verde	1,250,000	1,250,000
North Butte	2,300,000	1,150,000
Calumet and Arizona	5,700,000	3,400,000
Shattuck	1,200,000	600,000
Phelps-Dodge	12,000,000	3,000,000
Old Dominion	3,000,000	750,000
United Verde	3,000,000	3,000,000
Tamarack	500,000	500,000
Tennessee	1,500,000	500,000
U. S. Smelting Company	1,700,000	850,000
Mountain	750,000	750,000
Granby	3,300,000	1,750,000
Calumet and Hecla	10,000,000	2,000,000
Copper Range	4,000,000	2,000,000
Quincy	2,000,000	1,000,000
Total	108,000,000	48,000,000
Lesser mines*	12,000,000	7,200,000
Total	120,000,000	55,800,000

*Estimated.

The total reduction is slightly less than 50 per cent. of normal output.

INDUSTRIALS, MISCELLANEOUS

American Agricultural Chemical Company

Income account for the year ended June 30 last compares as follows:

	1914.	1913.	1912.	1911.
*Mfg. profit	\$4,667,648	\$3,060,120	\$2,850,425	\$3,256,056
Other income	92,227	86,036	379,826	174,180
Total income	4,759,865	3,146,157	3,230,251	3,430,236
Depr. and res.	1,604,180	535,431	676,065	750,319
Net profit	3,065,715	2,592,726	2,554,185	2,679,917
Pfd. dividends	1,658,258	1,632,087	1,200,362	1,143,114
Balance	1,407,457	980,639	1,344,823	1,536,803
Common div.	738,300	733,232	353,220	....
Year's surp.	369,658	226,807	991,003	1,536,803
Previous surp.	7,823,900	7,597,102	6,605,499	5,408,697
Total surp.	8,492,907	7,823,909	7,597,102	7,005,500
Adj. debit	....	....	....	400,000
P. & L surp.	8,492,907	7,823,909	7,597,102	6,605,500

*Including profits from subsidiary companies, after deducting interest charges, repairs, and renewals. [†]Equal to 7.8 per cent. earned on \$18,330,000 common stock after charging off \$1,694,180 depreciation and reserve as compared with 5.2 per cent. earned on same stock last year.

International Harvester Company

Attorneys for the company last Monday filed in the United States District Court at St. Paul a motion for the modification of the recent dissolution decree of that Court, asking that business done in foreign countries be excluded from its provisions, and also asking the limitations as to the plan proposed or decided upon for carrying out of the decree be removed.

International Steam Pump Company

Judge Julius Mayer, of the Federal District Court at New York, last Wednesday appointed C. Phillip Coleman and Grayson M. P. Murphy receivers for the company. The receivership is voluntary, and the immediate cause given is the shortage of money due to the European war. The receivers were authorized to continue the business. It was announced that the company will be immediately reorganized. To assist in prompt reorganization, a Bondholders' Committee, headed by Charles H. Sabin, Vice President of the Guaranty Trust Company, has been formed. A Stockholders' Protective Committee has been organized as follows: Lewis L. O. Clarke, President of the American Exchange National Bank, Chairman; Willard V. King, President of the Columbia Trust Company; J. B. Haggin, Albert N. Parlin, Boston; and Otto Marx, Birmingham, Ala.

Texas Company

The company reports for the year ended June 30, 1914, compared as follows:

	1914.	1913.	1912.	1911.
Gross earn.	\$25,924,405	\$25,882,804	\$14,529,541	\$11,231,655
Exp., tax., &c.	18,171,946	13,838,045	11,086,291	8,512,257
Net	7,752,459	12,044,219	3,433,249	2,719,398
*Reserve	1,566,484	5,381,095	1,229,367	16,403
Surplus	76,185,974	6,063,123	2,203,882	2,702,965
Dividends	2,550,000	1,620,000	1,350,000	2,700,000
Surplus	3,635,974	5,043,123	853,882	2,904

*Reserve for sinking fund deposits, insurance, &c.
†Equal to 20.6 per cent. on \$30,000,000 capital stock.

Crops

The Yield of Grain and European Demand

At Current Quotations, the Year's Crop of Five Important Grains Would Be Worth Over \$4,000,000,000, and War May Send Prices Still Higher

EVEN without the stimulating effect of war on the prices of farm products, this year promised to be an exceptionally prosperous one for the American farmer. The Government's latest crop report indicates an aggregate yield of corn, wheat, oats, barley, and rye of 4,944,000,000 bushels. At prices prevailing before the war broke

the war continues for even a few weeks longer, it is thought by one of the English trade organs, that the eventual effect on prices may be to send them very much higher. In this connection, the opinion of Broomhall's Corn Trade News of Liverpool is interesting. In reviewing the international wheat situation in its issue of Aug. 11, it says:

Shipments from the Black Sea are now practically suspended, but this is not a matter of great importance to our own country at the moment, for we do not usually take big quantities from Russia, and we should certainly not do so in a season when America had a big crop of good quality and Russia a poorish crop of indifferent quality.

Moreover, there is the inevitable waste, which is one of war's evils, and later on the loss of crops in Germany, France, Austria-Hungary, and Russia, to say nothing of Servia and Belgium through the back Autumn culture. The partial

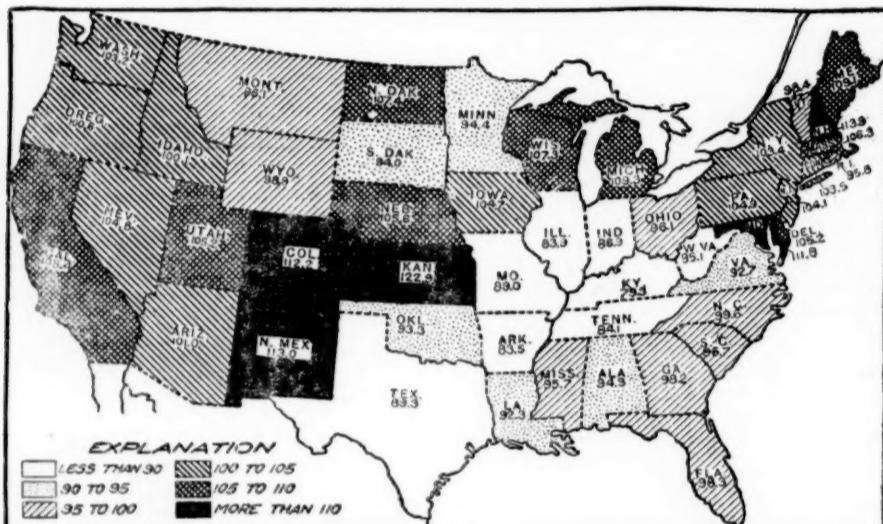
The prospective demand for wheat by the various countries is estimated at 65,500,000 quarters of eight bushels each, divided as follows:

United Kingdom	28,000,000
France	7,000,000
Belgium	6,000,000
Holland	2,000,000
Italy	7,000,000
Spain and Portugal	1,000,000
Greece	1,000,000
Denmark, Sweden, Norway	2,000,000
Malta, North Africa	500,000
Ex Europe	11,000,000
Total	65,500,000

Since there is little likelihood of Germany and Austria-Hungary being able to import any wheat, they are not considered in the above total. Their inclusion would undoubtedly increase the total of prospective demand very substantially, even though Austria-Hungary is normally a wheat-exporting country.

To supply this prospective demand, Broomhall's estimates the prospective supply at 66,500,000 quarters, of which the United States is counted on for 32,000,000 quarters, or 256,000,000 bushels.

Composite Crop Conditions, August 1



This chart shows the condition of all crops in the United States, by States, on Aug. 1 last. It is a weighted average and percentages show relation to the ten-year average, which is taken as 100.

out, this huge crop would have brought a sum considerably in excess of the value of last year's production, but the general advance of prices which has come with anticipation of a great European demand has added enormously to the value of the crops, and at prices which obtained in the middle of last week, the yield of the cereals mentioned above would have been worth almost \$4,000,000,000, about \$850,000,000 more than last year, figured on the same basis.

Whether or not the present level of prices will be maintained is, of course, problematical, but in the opinion of some authorities, it may go even higher, and if

loss of the late Summer crops, such as potatoes, roots, and a part of the cereal crop, in all the forenamed countries will be serious. Next Summer, should the war last twelve weeks, the whole of Europe may be suffering from famine conditions, and present prices, which some people are already beginning to complain of as high, would then appear to be quite moderate, or even low.

The Trend of Grain Prices

